reason

Free Minds and Free Markets / November 1983 / $2.00

SMASHING THE SOVIET STATE

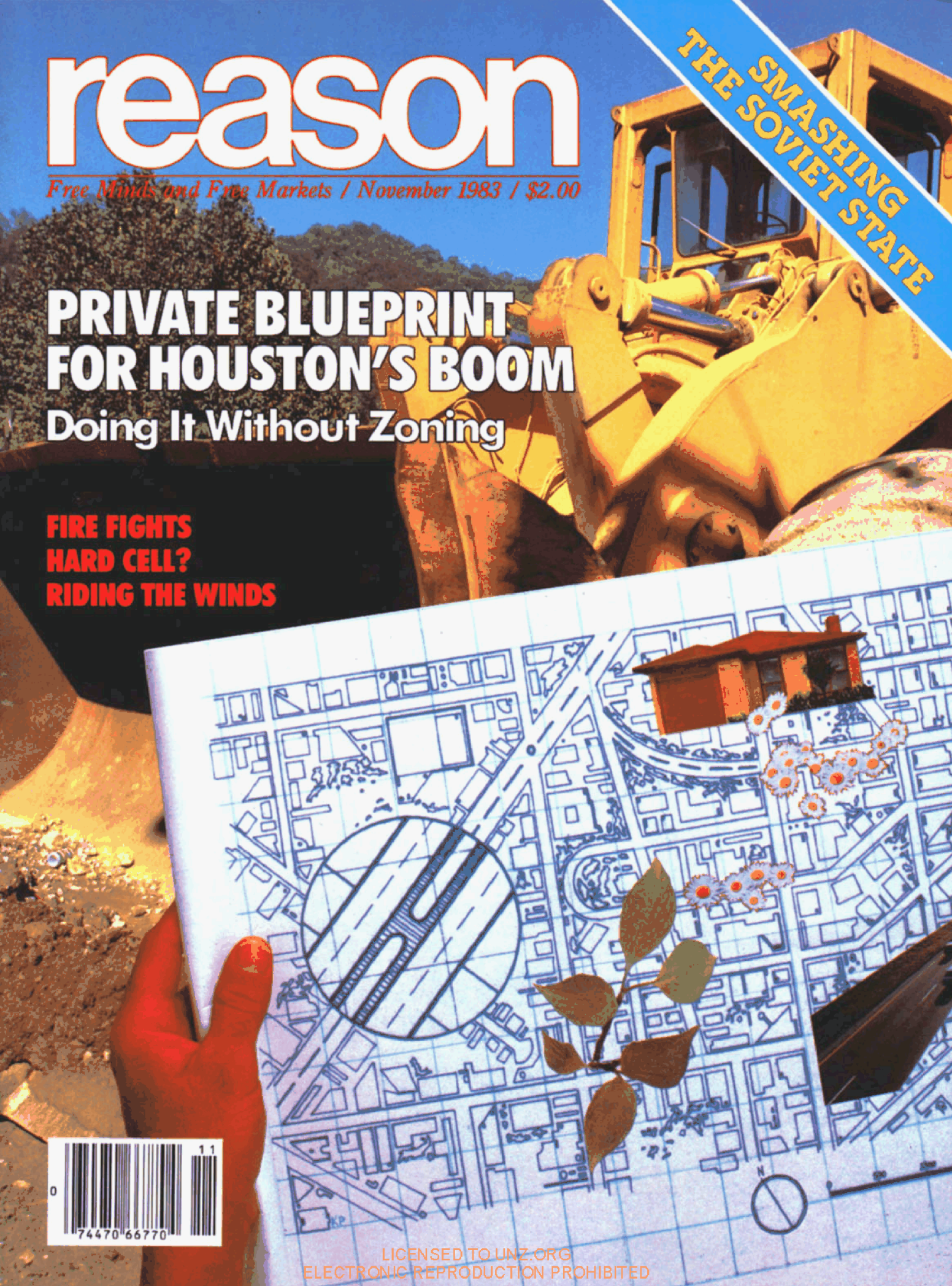
PRIVATE BLUEPRINT FOR HOUSTON'S BOOM

Doing It Without Zoning

FIRE FIGHTS

HARD CELL?

RIDING THE WINDS



LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

LAISSEZ FAIRE Best Sellers

1 **WESTERN LIBERALISM,** ed. by Bramsted & Melhuish. Impassioned selections from the best of classical liberalism. (qpb, 810p) $16.95

2 **AMERICA'S MONEY MACHINE** BY Elgin Groseclose. Authortative history of the Federal Reserve Banking System from its political roots through its misdirected policies. (hd, 289p) $14.95

3 **HUMAN ACTION** by Ludwig von Mises. A complete, systematic treatise, covering every major topic of the science of economics. (hd, 885p) $37.50

4 **FREEDOM AND DOMINATION** by Alexander Rustow. A sweeping view of the conflict between individual liberty and political domination from earliest times to the present day. (hd, 716p) $40.00

5 **MINDSPELL** by Kay Nolte Smith. A novel of suspense and tension involving a young woman executive caught in a nightmare of occultism and black magic. (hd, 311p) $13.95

6 **FOR A NEW LIBERTY** by Murray N. Rothbard. Rothbard's sweeping manifesto defines the basic principles of liberty and provides far-reaching solutions for current problems. (qpb, 338p) $6.95

7 **SWEET LAND OF LIBERTY** The Supreme Court and Individual Rights by Henry Mark Holzer. Tramples the Supreme Court's reputation as the protector of individual rights. (hd, 224p) $14.95

8 **THE BENEFITS AND HAZARDS OF THE PHILOSOPHY OF AYN RAND** by Nathaniel Branden. A personal statement by Rand's closest associate for many years before their "split." Records his reactions shortly after her death. (90 min. audio tape) $14.95

9 **ECONOMICS IN ONE LESSON** by Henry Hazlitt. The best primer on free market economics. A brilliant refutation of common economic fallacies. (qpb, 214p) $5.95

9 **THE ROAD TO SERFDOM** by F.A. Hayek. This timeless classic showed why state planning must undermine both political and economic freedom, and end in serfdom. (qpb, 242p) $4.95

11 ***IF YOU COULD HEAR WHAT I CANNOT SAY*** by Nathaniel Branden. His newest book contains exercises using his sentence completion technique for helping readers to get at the root of their problems. (qpb, 293p) $8.95

12 **LIFE EXTENSION** by Durk Pearson and Sandy Shaw. Add years to your life and life to your years. How you can slow your own aging while improving your current health. (qpb, 858p) $10.95

13 **THE LIFE AND MAJOR WRITINGS OF THOMAS PAINE.** The exhuberant, passionate essays by the great defender of *The Rights of Man* and *Common Sense.* (qpb, 632p) $5.95

14 **MODERN TIMES** BY Paul Johnson. A history of the world from the Twenties to the Eighties written with force and eloquence, clearly sympathetic to the values of the individual versus the State. (hd, 817p) $27.95

15 **A MENCKEN CHRESTOMATHY** Choice selections edited and annotated by H.L. Mencken himself. (qpb, 627p) $7.95

And Bear in Mind...

HEALING AMERICA by Richard Cornuelle, $14.95
NATION, STATE AND ECONOMY
by Ludwig von Mises, $9.00
DOUBLE CROSSING by Erika Holzer, $13.95
OUR ENEMY THE STATE by Albert Jay Nock, $6.95
MR. JEFFERSON by A.J. Nock, $8.95
MACHINERY OF FREEDOM by David Friedman, $9.95
PHILOSOPHY: WHO NEEDS IT by Ayn Rand, $15.95
CAPITALISM AND FREEDOM by Milton Friedman, $5.95
HOW TO SPEAK, HOW TO LISTEN
by Mortimer Adler, $12.95
THOMAS SZASZ: PRIMARY VALUES AND MAJOR CONTENTIONS, $9.95

MONEY BACK GUARANTEE

If for any reason you are dissatisfied with any book, just return it for an immediate refund.

CHARGE YOUR ORDER BY PHONE

You can order by phone and charge your VISA or MASTERCARD. Call (212) 460-8222 between 11:00am and 6:00pm Eastern time, Monday thru Saturday.

© Laissez Faire Books, Inc. 1983

ITEM	PRICE
SUBTOTAL	
N.Y. State residents add sales tax	
Shipping & Handling	$2.25
TOTAL:	

PLEASE SEND YOUR ORDER TO:

☐ Check or Money Order ☐ MasterCard ☐ Visa

CARD NO. EXP. DATE

SIGNATURE

NAME

STREET

CITY/STATE ZIP

LAISSEZ FAIRE BOOKS, DEPT. R311, 206 MERCER STREET, N.Y., N.Y. 10012

FIFTEENTH ANNIVERSARY YEAR

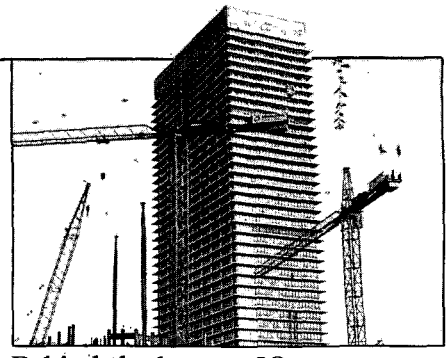
NOVEMBER 1983/VOL. 15, NO. 7

reason

Free Minds and Free Markets

FEATURES

THEY BUILT THEIR OWN HIGHWAY . . .
When Houston enacted a land-use ordinance last year, journalists quickly pronounced that zoning had finally come to the wayward town. But a REASON reporter found that zoning hasn't *come to Houston—Houstonians don't want it, and they're doing amazing things without it.*
By Thomas Hazlett **22**

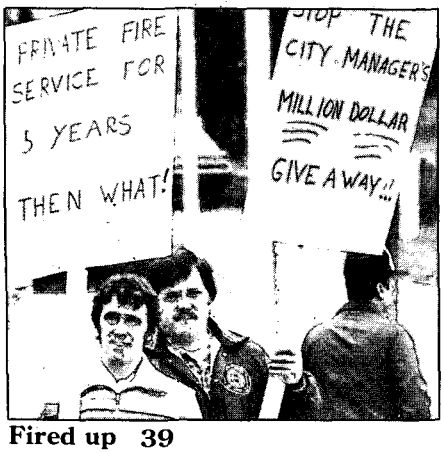


Behind the boom 22

WINDS OF OPPORTUNITY
Gusty profits are blowing in those bureaucratic breezes.
By Max Koenig **31**

HOW TO DISMANTLE THE SOVIET EMPIRE
The most powerful weapon for undercutting the Soviets' mission of world domination lies within the USSR itself: the millions of subjugated people living in Russia's "inner colonies."
By Jack Wheeler **32**

Internal injuries 32



Fired up 39

BLAZING BATTLES
Last year, two quiet New England towns were engulfed by political conflagrations when they considered hiring private fire-fighting firms—and the flames burn on.
By Jim Peron **39**

THE WORST PRISON SYSTEM IN AMERICA?
Texas's jails had been branded the nation's worst. Then documentary film maker Eric Sherman probed the infamous penal system, raising some provocative questions about retribution and rehabilitation.
By Christine Montilla Dorffi **44**

DEPARTMENTS

EDITORIAL/A Defense Policy We Can Trust **6**
VIEWPOINT/A Liberal Pickle **48**
TAXES/The Best Little Shelter in Town **49**
SPOTLIGHT/Property Rights in Print **50**
FURTHER & MORE/Follow-up on airports, rent control, and more **66**
NOTES **4**
LETTERS **8**
BRICKBATS **10**
TRENDS **12**
ARTS & LETTERS **51**
RUDEBARBS **62**

Cover: foreground photograph by Joyce True; blueprint illustration by Kevin Pope; background photograph by Picture Group

REASON (ISSN 0048-6906) is published monthly by the Reason Foundation, 1018 Garden St., Santa Barbara, CA 93101. Second class postage paid at Santa Barbara and additional mailing offices. **Postmaster:** send address changes to REASON, Box 28897, San Diego, CA 92128.

CORRESPONDENCE: Send *new subscriptions* and *address changes* (include address label and new address) to REASON, Box 28897, San Diego, CA 92128. (714) 485-6535. Allow six weeks. Send *manuscripts* (for return, include SASE), *letters*, and *classified ad orders* (with payment) to REASON, Box 40105, Santa Barbara, CA 93103. (805) 963-5993.

COPYRIGHT © 1983 by the Reason Foundation. All rights reserved. Reproduction or use, without permission, of editorial or graphic content is prohibited. Opinions expressed in signed articles and columns do not necessarily represent the views of the editors or of the trustees, officers, or advisory board of the Reason Foundation.

reason

Editor-in-Chief
Robert Poole, Jr.

Executive Editor
Marty Zupan

Senior Editors
Manuel S. Klausner, Tibor R. Machan

Assistant Editors
Paul Gordon, Eric Martí

Book Review Editor
Lynn Scarlett

Art Director
Debra Cardamone

Art Assistant
Jan Jurgensen

Contributing Editors
Tom Bethell, Bruce Bartlett, David Brudnoy, Joe Cobb, Timothy Condon, James Dale Davidson, Mark Frazier, John Hospers, Eric Mack, Henry G. Manne, William Marina, Lowell Ponte, Alan Reynolds, Murray Rothbard, Thomas Szasz

Foreign Correspondents
Villy Dall/*Denmark*, Bruce Evoy/*Canada*, Skafti Hardarson/*Iceland*, Ole-Jacob Hoff/*Norway*, John-Henri Holmberg/*Sweden*, Hubert Jongen/*The Netherlands*, Henri Lepage/*France*, Leon M. Louw/ *South Africa*, H. Joachim Maître/*West Germany*, N. Guillermo Molinelli/*Argentina*, Gary Sturgess/*Australia*, Michael van Notten/*Belgium*, Eben Wilson/*England*

Departments
Steven K. Beckner/*Money*, David Brudnoy/*Theater*, Timothy Condon/*Taxes*, Patrick Cox/*Spotlight*, Mark Edward Crane/*Brickbats*, John Hospers/*Movies*, Randall K. Hylkema/*Rudebarbs*, Richard Mitchell/*Language*, Durk Pearson and Sandy Shaw/*Health & Welfare*, Robert Poole, Jr., Paul Gordon, and Eric Martí/*Trends*

Controller
John Northrup

Advertising/Circulation Director
Rob McGee

Office Manager
Cathy Chmel

Staff
Elizabeth Anderson, Ashley Brooks, Gaye O'Callahan, Michele Segan

Typesetting
Jean Graphics

ADVERTISING: For display advertising contact Robert Flickinger, 1018 Garden St., Santa Barbara, CA 93101. (805) 963-5993. For classified ads, see Classified page, this issue.

SUBSCRIPTIONS: Subscribers are members of the Reason Foundation. Membership is $19.50 per year. Outside North America add $8/year for surface; $36/year airmail. Payment from Canada: US dollar postal money orders only. Send orders to REASON, Box 28897, San Diego, CA 92128.

BACK ISSUES: Obtain list from REASON Back Issues, Box 40105, Santa Barbara, CA 93103. Vols. 1-4 are available on microfilm from University of Southern California Library Micrographics Dept., University Park, Los Angeles, CA 90007. Vols. 5 and up are available from Xerox University Microfilms, 300 N. Zeeb Rd., Ann Arbor, MI 48106. Indexed in *America: History and Life; Historical Abstracts; Public Affairs Information Services Bulletin*; and *Public Issues Index*.

NOTEs

Are we stuck with public utility monopolies forever? Not necessarily. New forms of technology are making it more feasible for entrepreneurs to compete with such public utilities as the electric company, the phone company, and the cable company. And economists are rethinking the assumptions on which conventional utility regulation has been based.

To explore these trends, the Reason Foundation is holding a national conference, Deregulating Public Utility Monopolies. It will take place November 3rd at Washington's Watergate Hotel. Among the speakers or commentators will be economists Thomas Hazlett and Walter Primeaux, former FCC official Nina Cornell, attorney William Mellor of the Mountain States Legal Foundation, and communications consultants Charles Jackson and Jerome Lucas. The price of the all-day affair, including a luncheon featuring William Niskanen of the President's Council of Economic Advisers, is $150. If you're interested, call our Washington number, 202/546-2705, and make your reservation right away.

We were somewhat amused to read of Interior Secretary James Watt's midsummer letter to the National Audubon Society praising the group for allowing oil and gas drilling at its Rainey wildlife sanctuary in Louisiana. As many REASON readers may recall, we were the first to publicize this fact, in our July 1981 cover story "Saving the Wilderness." And that article's coauthor, economist Richard Stroup, later went to work for Watt, as director of Interior's Office of Policy Analysis. What Rich Stroup pointed out in the article—but what James Watt doesn't seem to comprehend—is that it is *private ownership* of the Rainey sanctuary that makes harmonious solutions to the resources-vs.-environment controversy so feasible to achieve. What *doesn't* work is *political* ownership, whereby every competing interest group thinks it has legitimate claim to determine how best to use the land.

Meanwhile, the REASON article's other coauthor, John Baden, graced the cover of *Outside* magazine's September issue. The cover story, "Selling America" by Nancy Shute, provided a thorough overview of the free-market, property-rights-oriented New Resource Economics movement spearheaded by Baden and Stroup and popularized by REASON contributors Steve Hanke and William Tucker, all of whom are interviewed in the article. REASON comes in for several mentions, as well. Hanke was also quoted extensively in a July 25 *Newsweek* article on wilderness policy.

The magazine's masthead sports two new names this month. Joining our staff as advertising and circulation director is Rob McGee. Rob comes to us with a background in both direct-mail marketing and advertising sales, and he's already putting both sets of skills to work. His mandate is to broaden the base of display advertisers in REASON, set up a nationwide single-copy (bookstore and newsstand) sales program, and improve the effectiveness of our direct-mail new-subscriber and renewal promotions. All of this should help make REASON more widely known and better off financially. We're glad to have him on board.

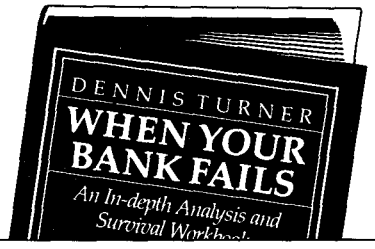
The magazine also has a new art director as of this month. Debra Cardamone, recently transplanted to Santa Barbara from New York City, has worked for advertising agencies and consumer magazines. Debra will be responsible for the graphic elements of each month's issue of REASON, as well as other materials produced by the Reason Foundation. Since all art directors have their own style, you will probably be noticing a different "feel" to the magazine. We hope you enjoy it!

One way you can tell if a new idea—such as privatization—is taking hold is to monitor the word's passage into common usage. That, of course, is what dictionary editors do. So I'm pleased to report on recent correspondence with the editors of Random House Dictionaries. Both Reason Foundation Advisory Board member Steve Hanke and I have inquired about the status of the word *privatization*. Managing Editor Leonore Hauck tells us that they have accumulated citations dating back to 1979 (the year my book *Cutting Back City Hall* was written) and plan to enter both *privatize* and *privatization* in the next edition of the *Random House Dictionary*. The Reason Foundation's Local Government Center has become the country's leading source of information on privatization.

—R. P.

WILL YOU SURVIVE
THE COMING BANKING CRISIS?

New book helps you understand what's happening, helps you prepare your strategy.



"As an act of decency, banks should give this book to their depositors, instead of toasters."
—LUIS DE AGUSTIN, MBA
FINANCIAL CONSULTANT

Consider Some Key Facts

Fact: For every dollar you deposit, your banker keeps only **eight cents reserve.** And the FDIC only has **$13 billion** in assets to insure **$1.1 trillion — about one cent for each dollar.**

Fact: Foreign loans represent **113%** of the $154 billion net worth of *all* U.S. banks. The figure is **350%** for the nine largest U.S. banks. **(Banks list outstanding foreign loans as assets.)**

Fact: Typical of most Third World debtors, **Mexico's** foreign debt is **249%** of its total exports; **Brazil's** debt is **342%** of exports; **Argentina's** is **400%.**

Premise: Most foreign loans will **never** be repaid — they *cannot* be repaid — even with a world economic miracle.

Question: "Why do we export our capital — our **industrial lifeblood** — to those who **despise** America and its institutions?"

The Evidence is Undeniable: Collapse of System or Roaring Inflation

Dennis Turner has written a sober, dispassionate book. If all goes well for the banks, their debt *might* be rescheduled for eight more years before the system becomes insolvent. The banking system *might* avoid collapse. But *roaring inflation is the only alternative.*

When Your Bank Fails is the clearest and most detailed work yet published on the crumbling foundation of the international banking system. The format is accessible, the scholarship first rate. The whole banking system is dissected. It reviews bad loans, those to companies, for commercial real estate, bad agricultural loans. It looks at the bankrupt S & L industry and the Federal Reserve System.

Supported by a Wealth of Data — A Balance Sheet on the Banking System

Mr. Turner's research is impressive. He's uncovered much difficult-to-obtain data, detailed both in the text and broken down into numerous tables. Foreign debt is broken down by region and by country, plus repayment obligations and the exposure of specific banks.

Outlines Practical Steps To Protect Yourself — A List of 24 Safest Banks

This book **lists the 24 safest banks** — those likely to survive a financial crisis. You'll also learn about the safest investment alternatives.

Discover the **warning signs** of a collapse, and how to respond. Learn how the government **might** bail out the system and **how you can protect yourself** from the consequences.

244 pages, hardcover. Foreword by Dr. Jack Wheeler. Preface by Dr. Tibor R. Machan.

JUST PUBLISHED — NOT AVAILABLE IN BOOKSTORES

For fastest service, enclose check. Publisher pays shipping. Order will be shipped within 48 hours.

☐ **Check enclosed** for _____ copies @ $16.95 per copy. *(NJ Residents add $1.02 sales tax, total $17.97, per book)*

☐ **Charge** my ☐ Visa ☐ MasterCard for _____ copies @ $18.40 per copy ($16.95 plus $1.45 for shipping. *(NJ Residents add $1.02 sales tax, total $19.42, per book).*

Or **Call Toll Free** (credit card orders only): **800-228-2028 Ext. 732**

Name _____
(Please print or type)
Address _____
City/State/Zip _____
Signature _____
(Required for credit card orders)
Card # _____ Expiration Date _____

Money Back Guarantee: If not satisfied with this book, it may be returned for a full refund within ten days.

Send Order To: **Amwell Publishing, Inc., Princeton Professional Park, Suite B-7, 601 Ewing Street, Princeton, NJ 08542**

EDITORIAL

Robert Poole, Jr.

A Defense Policy We Can Trust

In case anyone needed a reminder, the Soviets' shooting down of Korean Air Lines flight 007, killing all 269 aboard, demonstrates once again two basic facts about the Soviet Union:

- The Soviets are ruthless killers.
- The Soviets lie and deceive *as a matter of course.*

But if these are, indeed, facts, what do they tell us about US defense policies? Taken seriously, they imply that this country's entire strategic nuclear posture is dangerously misconceived.

For some 20 years US nuclear policy has been based on the "mirror image" assumption—that the United States and the Soviet Union are comparable superpowers, governed by rational people who are more or less equally interested in a stable world in which nuclear war is avoided by negotiations. Hence, both the theory of mutual deterrence and a faith in the arms-control process have been central to US policy.

But if the Soviets lie and deceive in violation of international agreements and accords as a matter of policy; if they respond to possible threats with hair-trigger resort to deadly force; then the mirror-image assumption lies shattered—and with it, the policies based on that assumption.

One case, of course, does not suffice as proof. But recent intelligence findings reveal a compelling pattern. Take, for example, the USSR's Kamchatka Peninsula, over which flight 007 flew prior to being shot down. For more than a decade the Soviets have centered a strategic buildup there, developing a vast infrastructure for mobile ballistic missiles, installing operational antiballistic missile (ABM) radar, and testing a new mobile ICBM (intercontinental ballistic missile), the PL-5. Much of this activity violates provisions of the SALT I or SALT II treaties—including the encoding of telemetry data (and broadcasting false data) during PL-5 flight tests and adding an operational ABM radar to the number allowed by SALT I.

The entire strategic and conventional defense buildup on Kamchatka has been carried out by something called the Chief Directorate of Strategic Concealment, created by first deputy defense minister Nikolai Orgakov a decade ago when he was chief military delegate to the original SALT talks. Accordingly, much of the construction work is carried out at night so that it cannot be observed by US satellites.

That the Soviets would have an entire organization devoted to *maskirovka* (concealment) is quite consistent with the emphasis not only on secrecy and cover but on deception that permeates Soviet military literature. Further documentation of these points and their implications for US strategic policy are set forth in a frightening article by defense analysts Samuel T. Cohen and Joseph D. Douglass, Jr., in the September issue of *Armed Forces Journal.*

Cohen and Douglass point out how little we actually know about Soviet weapons and military installations. Much of what we can verify consists of what can be observed and counted in daylight by spy satellites—such as numbers of ships and numbers of missile silos. But once you take seriously the Soviets' concerted efforts at deception, all sorts of horrifying possibilities arise.

The Soviets may have large numbers of ICBMs in reserve (uncounted in arms treaties), installed in their launch canisters and concealed in buildings, caves, or other locations. Many silos may be empty or loaded only with empty canisters. Most silos probably would *not* be reloaded with a second or third missile during nuclear war (even though the Soviets have that capability), since a US retaliatory strike could destroy the silos before reloadings were completed.

There is suggestive evidence supporting these possibilities. Besides the extensive Soviet writings on *maskirovka*, recent Soviet technical developments are very ominous. The Soviets have tried to present their two-stage, mobile SS-20 as an intermediate-range missile, for use only in Europe and Asia. Yet when fitted with its smallest (50 kiloton) warhead, it has intercontinental range (4,600 miles). And with a third stage added, the SS-20 becomes the SS-16, with a range of 6,000 miles. Between 100 and 200 SS-16s have apparently been deployed under camouflage at Plesetsk, unacknowledged by the Soviets.

The deployment of *mobile* ICBMs is explicitly prohibited by SALT II, whose provisions both sides are allegedly observing. So while nearly all US missile planning, targeting policies, and arms negotiations have focused blindly on how many fixed ICBM silos the Soviets maintain, the Soviets have created a large, mobile reserve ICBM force with their SS-16s and SS-20s. Similar Soviet duplicity in violation of present or future arms-control agreements—creating dummy air bases, command posts, etc.—is quite plausible.

If many of the installations targeted by US strategic forces are false targets, the threat of their destruction in a US retaliatory strike is meaningless. Thus, a policy that relies on such threats to deter a nuclear attack is increasingly incredible.

Likewise, basing strategic policy on arms-control agreements with such an untrustworthy adversary is ludicrous. Such treaties, while allowing for military secrets on both sides, presuppose good-faith efforts by both parties. Yet, given that one party is a closed society, and one that makes an official *policy* of lying and deception, any arms-control treaty will be incredibly one-sided.

The alternative, conclude Cohen and Douglass, is to shift to a strategy in which the *defensive* component is dominant. As urged many times in these pages, such a strategy should include both active and passive defense—a multi-layer ABM system and civil defense efforts. Extensive use of fallout shelters could save tens of millions of lives, especially if coupled with a reasonably effective ABM system. And it isn't only China and the USSR that take civil defense seriously. Neutral Sweden and Switzerland today have enough shelter space for more than two-thirds of their people. Instead of pouring tens of billions into silo-busting missiles like the MX, it's high time we shifted those funds to defensive systems.

The downing of KAL 007 was a terrible tragedy. We should remember it as a clear and painful demonstration of Soviet aggression and untrustworthiness—and begin to defend ourselves accordingly.

Robert Poole, Jr.

KEEPERS OF THE FLAME

(with apologies to Wm. Shakespeare)

The Keepers Of the Flame are we,
Where mumbo jumbo is the key;
So 'round about the cauldron go
As in the poisoned entrails throw
Of bills and hearings, laws and pleas,
To fill the pot with legaleze!

Double, double, toil and trouble,
Fire burn and cauldron bubble!

Eye of newt and toe of frog,
And discourse full of wind and fog;
A lengthy "study" let us make,
Then with the rest to boil and bake;
Then every quibble, every jot
Will add we now to this charmed pot!

Double, double, toil and trouble,
Fire burn and cauldron bubble!

Tongue of serpent, wing of bat,
Here is where the action's at:
Create a maze of regulations,
Codes and laws and incantations;
Spin this web of rules precise -
Then extricate you - for a price!

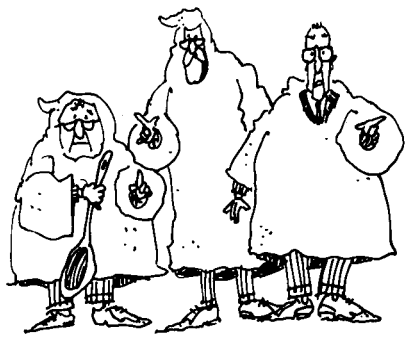
Double, double, toil and trouble,
Fire burn and cauldron bubble!

Fill the pot while fire doth burn
As each against the rest we turn!
Intrude in every undertaking,
Using laws of our own making;
Hand-in-hand the State and we,
About this sacred cauldron see!

Double, double, toil and trouble,
Fire burn and cauldron bubble!

Mix the potion, stir it well,
While chanting now the magic spell:
The words which hold you in our thrall
Are "PUBLIC INTEREST"; "GOOD OF ALL"!
Your fetters not by *us* are wound;
Bewitched, you are by "duty" bound!

Double, double, toil and trouble,
Fire burn and cauldron bubble!



Slips of yew and thorn of rose,
This is how our power grows!
Oh, what a stew we will create
While you pay homage to the State!
So, stir the pot and share the blame;
We're *all* the Keepers Of the Flame!

So, stir the pot and share the blame;
We're *all* the Keepers Of the Flame!

Copyright ©, 1983

from KEEPERS OF THE FLAME, by R.W. Grant • Quandary House, Box 773, Manhattan Beach, CA 90266

ANOTHER GREAT GIFT IDEA FROM QUANDARY HOUSE!

WHO ARE THE REAL "KEEPERS OF THE FLAME"?

The KEEPERS OF THE FLAME wall poster: an entertaining and provocative gift for friends, family, customers – or your least-favorite politician! A great conversation piece for office, classroom or den! On heavy parchment, 25" x 38". Shipped in mailing tube.

$5.50 + $1.00 shipping and handling: $6.50
(ten in tube, $33.00 + $2.00: $35.00)

Quandary House
Box 773
Manhattan Beach, Ca. 90266

Letters

Food Fallout

Hoorah for David Lips's and REASON's disclosure of a counterproductivity in government food-stamp programs ("How to Get Out of the Food Stamp Trap," Aug.). It was a real eye-opener.

REASON subscribers may want to follow up on the negative fallout from the overall US food program. I recommend Jack A. Nelson's *Hunger for Justice* (Orbis). It examines how government policy not only causes high food prices and therefore hunger in the United States but also drives Third World people to desperation and rebellion.

Tom Keene
Latin America Assistance
San Antonio, TX

GRADUATE STUDENTS

If you face a thesis or term paper requirement in economics, political science, public administration, or a related field, why not research *privatization of public services*? The Reason Foundation's Local Government Center has been collecting research project ideas for the past year. We'd be pleased to suggest needed research topics, point you to data sources, give advice, and supply contacts from our growing network of consultants, researchers, and companies. Call or write Eric Martí at:

LOCAL GOVERNMENT CENTER
The Reason Foundation
1018 Garden Street,
Santa Barbara, CA 93101
(805) 963-5993

Powerful Investigation

Kudos to Patty Newman and the Investigative Journalism Fund for "Harvest of Power" (Sept.). I urge all REASON subscribers to dig out the September issue and read that story a second time, to grasp the implications it raises. I have contributed to the Investigative Journalism Fund several times, and this piece is well worth my entire investment!

Terry A. Hurlbut III
Houston, TX

Advertising—Who Pays?

John K. Williams's excellent defense of advertising ("And Now, A Pitch for Advertising," Sept.) still misses one important point. He accepts the distinction, made by the opponents of advertising, between "production" and "selling" costs, then tries to prove that advertising is really a "production" cost. This commits the fallacy of assuming that selling price is determined by the costs incurred by the producer. As an admirer of Hayek, Williams should know that selling prices are determined solely by supply and demand and that the producer's costs are irrelevant.

Seen in this framework, advertising costs are a deduction from the producer's profit, not an increase in the purchaser's cost. They are in fact an investment that the producer hopes will generate future profits greater than the amount invested. Eliminating advertising would not reduce the selling price. If it led to fewer sales, the price might even be driven up as marginal buyers disappear from the market.

Joseph P. Martino
University of Dayton
Dayton, OH

The MTA Rebuts

From Peter Samuel's "Next Stop, Solvency" (June), which advocates selling New York's subways to private operators, one might conclude that the system was created as a child of government. This was hardly the case; most of the lines were built by entrepreneurs and operated privately for years—before they went bankrupt. Service, nevertheless, had to be continued.

"Service" is a concept the article ignores, yet service is the primary purpose of urban public transport. The subways might indeed turn a profit if they existed only for those able to pay the price—limousine fleets do very nicely on that basis. But subways are the sole available means of getting to work and school for millions of low- and middle-income New Yorkers. It would be unconscionable—not to mention politically unfeasible—to place the burden of a profit-making system on their backs and to eliminate service to the areas of the city that need it most, even if those neighborhoods fail to meet profitability targets....

As for the conclusions in the Charles River Associates study, the writer of the article seems to have stretched the idea of fare elasticity to "prove" his contention in an earlier article (May 1982) that the subways should be sold. The study stated that increased fares would retain sufficient ridership "to provide revenues from the farebox to support the annual bond repayment" of MTA revenue bonds. Those bonds are scheduled to provide $1.5 billion of the total $6.5 billion in the capital program, with the other $5 billion coming from other governmental sources. That is a far cry from concluding that raising fares high enough to meet all present and future capital and operating needs and make a profit as well would leave a ridership base of any consequence.

Arthur G. Perfall
Assistant Executive Director
for Public Affairs,
Metropolitan Transit Authority
New York, NY

P.S. If you come across any buyers, let us know.

Mr. Samuel replies: Mr. Perfall says the New York subway system is not "a child of government," since it was "built by entrepreneurs and operated privately for years." It *is* a "child of government," however, in that (1) for over 40 years now it has been owned and operated by government, (2) it has been subject to the whims of politics and government in its budgeting, pricing, and management policies, and (3) the private companies were driven out of business by government price controls.

Mr. Perfall's statement that I have ignored the concept of service is ridiculous. My earlier article went into a lot of detail about what lousy service the subways provide under government ownership and control, and the most recent one went into a lot of detail about how private operators would be likely to improve service.

It is an old but quite spurious and discredited argument to say that transit—or

Letters sent to REASON (Box 40105, Santa Barbara, CA 93103) will be considered for publication (unless otherwise noted) and may be subject to abridgement or editorial comment.

LETTERS

any other specific service—needs to be subsidized for everyone so that it is affordable by low-income people. To provide a general subsidy to transit, which means having the brokers of Wall Street and the publishers of midtown ride the subways subsidized, will only ensure that the system sinks deeper in its present political morass.

Of course the Charles River Associates study was intended only to prove that the farebox revenues could cover expenses plus bond servicing. That was why the MTA commissioned the study. There is no reason at all, however, why someone with a less-myopic perspective than the MTA should not draw the conclusion that a rather small loss of ridership would result from nonsubsidized fares. Mr. Perfall's last statement that economic fares would leave no "ridership base of any consequence" is utterly groundless and entirely contrary to the indications of the Charles River Associates study.

The P.S. is a cheap debating point. Of course there are no buyers of the subway to "come across." As Mr. Perfall makes very clear, its present maladministrators don't have it up for sale.

General Aviation Wants to Pay Its Way

I have noted several times in your magazine the assertion that general aviation does not pay its way, most recently in an August Trends item (p. 20). If true user fees were implemented, then I could stop paying outrageous fuel taxes for flight plans and IFR equipment I do not use, for upkeep of heavy concrete runways that I don't need, and in most cases for unnecessary regulations preventing self-maintenance. General aviation is being well "serviced" all right—but in the biblical sense.

Dale Amon
Pittsburgh, PA

Robert Poole replies: Mr. Amon makes an excellent point. A growing number of private pilots now make a distinction between the present crude "user taxes" (primarily fuel taxes) and true user fees, which would be based on actual *usage* of specific air traffic control facilities. The largest general-aviation organization, the Aircraft Owners' and Pilots' Association, presented a very favorable article last summer (1982) on Gerard K. O'Neill's proposed satellite-based ATC system, which would be financed by transaction-based user fees.

Inflation Debate

I am quoted out of context in Tom Bethell's August column (Viewpoint). He appears not to have bothered reading my rejoinder to his earlier column (May) in its entirety or, if he read it, not to have understood its main point....

Bethell quotes my sentence: "As long as the Fed keeps buying the bonds, bond prices will go higher and interest rates will go lower," while characteristically ignoring my very next sentence that puts the first one into context: "Interest rates rise only in response to the Fed's sluggishness in picking up the bonds dumped by worried bondholders anticipating another massacre in the bond market." But it is precisely this second sentence, omitted from his column, that explodes his whole edifice—to wit, the theory that inflation is a thing of the past and that a period of monetary stability is at hand.

Bethell's theory is as untenable as it is unfounded and even puerile to the point of gullibility. There can be no monetary stability while the rate of interest is

(Continued on p. 62)

Here Today. . . Here Tomorrow

Liberty Coin Service has been in the business of brokering gold and silver to investors since 1971. That's twelve years. Twelve years of competitive prices. Twelve years of fast, reliable service. Twelve years of guaranteed safe delivery. Twelve years of satisfied clients. Twelve years of helping our clients preserve their assets against the inflationary policies of both political parties.

In most businesses, twelve years may not be a long time. But the precious metals business is a young trade, and a trade characterized by firms that flee into the night or have their affairs settled in court.

When you deal with Liberty Coin Service, you get more than simply the lowest prices in the industry. We have shipped over 95% of all orders on the same day payment is received. We have promptly and expertly answered our clients' questions, whether by phone or mail. We have been ready buyers and sellers, offering reliable efficient delivery every trading day since 1971, even during the contractions of 1972, 1975 and 1980, as well as the bull markets of 1971, 1974 and 1980. We ship via site draft upon request, allowing you to pay for the goods upon receipt. And we've been doing it for twelve years.

When you invest in gold or silver, isn't it nice to know that you are dealing with a firm with twelve years' experience, a firm that has advertised in *Reason* since 1972?

For more information about the purchase and sale of gold and silver, call Liberty Coin Service at 206-385-5097 or return the coupon below.

Liberty Coin Service ℞
(Formerly R.W. Bradford & Co.)
P.O. Box 1167, Port Townsend, WA 98368 (206)385-5097

Please send me your ***"Gold/Silver Packet"***
and a copy of your most recent newsletter.

name _____
address _____
city _____ state _____ zip _____

brickbats

It's apparently illegal in Wisconsin to fix your own septic tank. Melvin Vest had the audacity to rent a back hoe, clean a clogged pipe, put in new gravel, and fill the hole. Dane County officials are suing this notorious scofflaw for $32,000 plus $200 a day for each day he uses his bathroom until the septic system is repaired by a licensed plumber. Of course, Vest's house isn't even worth $32,000, and he expects the county to own it soon because he's not giving in. "Why should I pay a plumber to dig the thing up and do the same thing I did?" he asks. Tell it to the state's licensed plumbers, Mr. Vest.

This bulletin just in from Saint Bonaventure University in New York. Researchers found that when a man and a woman are seated next to each other on an airliner, the man is more likely to use the armrest, and that younger men are more likely than older ones to get angry when the arm of the woman gets there first. Gratefully, this was a private study. But it's obvious that the researchers have a bright future in government work.

In these days of ever-rising prices, at least the *air* is free, right? Not in Rhode Island. The state tax department says air is taxable at the six-percent rate applied to all other "tangible properties that can be measured, felt and weighed." The state told Henry and Judith Russo, the owners of a small company that fills air tanks for scuba divers and fire departments, that they owe $2,300 in back taxes for the "sale" of air. Of course, the Russos don't buy air at wholesale to sell at retail. The air is simply taken from the atmosphere and mechanically compressed into tanks. If the tax department ruling is upheld, what next? A tax on air-conditioned air? The nation's littlest state has some of the world's biggest airheads running the asylum.

Key West, Florida, officials fenced themselves in when they tried to ban nude sunbathing. A new ordinance bans sunbathing in the nude except on private property where warning signs and a six-foot-high fence will be required. The catch is that another zoning ordinance already on the books bans fences over four feet high. The naked truth is that establishing yet another victimless crime is harder than it used to be.

New Hampshire lawmakers had better be more careful about the way they phrase new laws. A judge there dismissed charges against a suspected child rapist because he turned himself in. The judge cited the law, which states that immunity is granted to persons who report child abuse. Since the defendant reported the crime in the first place, he's off the hook. But some folks in New Hampshire would like to abuse the judge for his lack of brain power in determining the obvious intent of the law.

Leave it to those innovative Bolsheviks to devise a foolproof method of identifying dissidents, parasites, and other ne'er-do-wells. Denunciation by mail is just what the commissar ordered to keep the proletariat in line. The Soviet Union now encourages citizens to inform on their neighbors by sending in anonymous postcards to the local police station. The preprinted cards have boxes for all of the usual offenses against state and humanity, such as alcoholism, malingering, and failure to pay alimony. But maybe there's hope for dissidents and other counter-revolutionaries: If the Soviet mails are run anything like the US Postal Service, all "criminals" will have plenty of time to emigrate before the poisoned-pen letter arrives.

You can sit down for your rights in Pennsylvania. A defendant who said, "I only stand up for what is right" and twice refused to rise when the judge entered the courtroom has been cleared of contempt charges. The state Supreme Court ruled 5 to 2 that the law requiring all persons to rise is deemed broken only when the failure to rise creates a disruption of the legal proceedings in progress. In this case, the court held that the only disruption was to the ego of the presiding judge.

Porter Leighton quit his $60,000-a-year job as the acting New England director of the General Services Administration, because he refused to approve the construction of a $70 million federal office building in Boston. There was simply no need for the building, and that bothered Leighton's conscience. Existing space in three other federal buildings in and around Boston was more than adequate for the number of federal workers there, and a new federal office building in nearby Fitchburg is only half full, he found. The building is going up anyhow, with or without Leighton. This edifice to governmental waste is to be named after House Speaker Tip O'Neill.

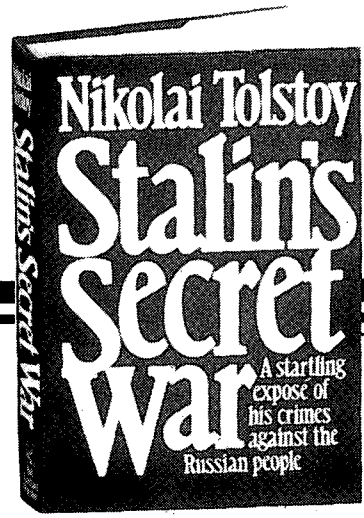
—MARK EDWARD CRANE

I HAVE A DREAM
WE WILL BEAT OUR SWORDS INTO DUMP WATT' BUTTONS
I HAVE A DREAM
THAT ALL GOD'S CHILDREN WILL HAVE STUDENT LOANS
I HAVE A DREAM
OF FEDERALLY-FUNDED ABORTIONS
5¢ CIGAR
I HAVE A DREAM
ONE DAY WE'LL JUST DECLARE PEACE AGAINST THE RUSSIANS
I HAVE A DREAM
THE TRUMPET WILL SOUND AND WE WILL
I HAVE A DREAM
THAT SOMEDAY SOON WHALE AND WHALER WILL JOIN HAND AND FLIPPER
I HAVE A DREAM
ALL COLORS AND CR WILL MARCH ARM-IN-ARM TO THE POLLS TO VOTE AGAINST REAGAN
I HAVE A DREAM
THAT ONE DAY THIS NATION WILL RISE UP AND BAN IMPORTED AUTOS
I HAVE A DREAM
THAT BLACK AND WHITE SHALL SIT DOWN TOGETHER TO RAISE RENT SUBSIDIES
I HAVE A DREAM
CIVIL RIGHTS FOR AMERASIAN HISPANIC-SURNAMED LESBIAN POVERTY WORKERS
RESTORE TH REAGAN FOOD-STAMP CUTS
3% PRIME RATE
I HAVE A DR
THAT NATURAL GAS WILL BE FREE, FREE AT LAST!

"I DUNNO - SOMEHOW IT'S JUST NOT THE SAME AS '63...."

"A STUPENDOUS BOOK"

— Joseph Sobran
National Review



Yours FREE!

479 pages ■ meticulously documented with over 1,000 notes ■ endpaper maps of Soviet slave camps ■ 13-page index

Mr. Sobran's review explains why:

Liberals forever remind us that the Soviet Union lost twenty million people in World War II. Nikolai Tolstoy (grandnephew of Leo) puts the figure even higher. But he argues that most of them were killed by Stalin himself....

He was incomparably the richest man who ever lived: "Stalin virtually owned the Soviet Union in as absolute a sense as property can acquire." When a dog in the street woke him with its barking, he had dog and master shot. A series of painters who produced insufficiently flattering portraits of him — five-feet-four, scrawny, scrofular — were also shot. While the proletariat was reduced, at times to cannibalism, he had mountains of caviar specially flown to his enormous personal estate, where he watched the American gangster movies he loved....

He drove one wife to suicide, obscenely abused his daughter for wanting to marry a Jew, beat and insulted a son, whom he later allowed to die unransomed in a German prison camp. He delighted in tormenting his highest confederates — including the nominal president of the USSR, Kalinin — in front of foreign dignitaries...

With his own criminal example he encouraged what one trusts was by far the most brutal period of violence in human history. Even *The Gulag Archipelago* hardly prepares one for this. One example will convey the tone: a man who would not "confess" to Trotskyist activities even after castration was forced to watch his pregnant wife beaten until she delivered a stillborn child. Such things were done thousands upon thousands of times, year after year after year. Special instruments of torture were apparently mass-produced, one for squeezing the skull, another for the testicles, and so forth, though interrogators were permitted to use broken bottles, ice picks, or whatever other conventional tools appealed to them....

There was apparently only one foreign head of state Stalin really trusted. He was paralyzed with shock and incredulity when Adolf Hitler broke his word by attacking Russia. For days he could barely compose himself sufficiently to order the usual potential enemies shipped off to labor camps; but eventually he did, even when he couldn't formulate a battle plan against the Germans.

It was always the domestic enemy he feared most: the kind of wartime revolt that had toppled Kerensky. Stalin did indeed make unremitting war on his own people; he never really understood why they didn't fight back, and he was amazed at the patriotism that drove them to fight for Russia, despite everything, when Hitler invaded.

Instead of returning the favor, he stepped up his pre-emptive purges all the while his people were saving his skin. It is wickedness of an astounding degree. This book makes *The Rise and Fall of the Third Reich* seem like Restoration comedy.

Tolstoy, who is worthy to inherit the name, interprets the slaughter of the Polish officers in the Katyn Forest as one of Stalin's attempts to forestall domestic revolt: the officers might have given potential rebels in the western part of the Soviet Union the leadership they needed, igniting a general uprising.

Just before his death Stalin was contemplating an invasion of Western Europe.

Stalin's Secret War is a stupendous book.

How to get this new $18.50 book FREE

How the Club Works

Every 4 weeks (13 times a year) you get a free copy of the Club Bulletin, which offers you the Featured Selection plus a good choice of Alternates — all of interest to conservatives. ★ If you want the Featured Selection, do nothing. It will come automatically. ★ If you don't want the Featured Selection, or you do want an Alternate, indicate your wishes on the handy card enclosed with your Bulletin and return it by the deadline date. ★ The majority of Club books will be offered at 20-50% discounts, plus a charge for shipping and handling. ★ As soon as you buy and pay for 3 books at regular Club prices, your membership may be ended at any time, either by you or by the Club. ★ If you ever receive a Featured Selection without having had 10 days to decide if you want it, you may return it at Club expense for full credit. ● Good service. No computers! ● The Club will offer regular Superbargains, mostly at 70-95% discounts plus shipping and handling. Superbargains do NOT count toward fulfilling your Club obligation, but do enable you to buy fine books at giveaway prices. ★ Only one membership per household.

CONSERVATIVE BOOK CLUB

15 Oakland Avenue • Harrison, NY 10528

Please accept my membership in the Club and send me, free and postpaid, ***Stalin's Secret War*** by Nikolai Tolstoy. I agree to buy 3 additional books at regular Club prices over the next 18 months. I also agree to the Club rules spelled out in this coupon.

R13

Name _____

Address _____

City _____ State _____ Zip _____

TRENDS

AXING TAXING

For most politicians, a taxpayers' revolt is like the fateful bullet in Russian roulette—they have no idea when it will turn up, they don't really know how to deflect it, and they'd certainly prefer not to deal with it at all.

For the rest of us, though, taxpayer revolts are welcome occurrences. According to supply-sider Arthur Laffer, there is currently a tax repeal movement that "portends to overshadow even the Puerto Rico, California, and Massachusetts mega-events." It is in Ohio, where a statewide group called Stop Excessive Taxation (SET) has gathered more than 500,000 signatures on petitions to place two initiatives on the November ballot. One would repeal all state taxes passed this year. The other would provide that future tax increases be approved by three-fifths majorities of the legislature, rather than the simple majority now required.

SET's successful petition drive (they reportedly chalked up a state record for the number of petition signatures) is a response to enormous tax increases engineered by Gov. Richard Celeste, who took office this year. Complaining that he had inherited a $500-million deficit from outgoing Gov. James Rhodes, Celeste pushed through the legislature a 90 percent increase in the personal income tax as well as increases in the top corporate tax rate and the sales tax. These would all be repealed if SET's initiatives pass.

A *Wall Street Journal* editorial called "The Blue Collar Tax Revolt" has pointed out that SET's political base is not what one might expect. One of the group's county leaders, for example, is Jim Butler, a hood latch assembler in a Chrysler plant who is active in his United Auto Workers local.

Butler told the *Journal* that at a UAW gathering after the tax increase, "One guy raised his hand and said a lot of people were out of work already and these taxes were going to force companies to leave Ohio. He made a motion from the floor to get the taxes repealed, and everybody said, 'Yes.' " So rank-and-file members of one of the most liberal unions in the country are spontaneously making the linkage between high taxes and economic decline that "conservative" supply-side economists have been hammering home.

SET may well be a harbinger of revolt in other states. There is certainly ample provocation: as the National Conference of State Legislatures reported in September, taxes were increased in 1983 in 36 states—by a record $7.1 billion. In addition, various states extended "temporary" tax increases, to the tune of another $2 billion.

So it is not surprising that Ohio is not the only state with a current tax-reduction campaign. David D. Schmidt, editor of the Washington-based newsletter *Initiative News Report*, told REASON that Michiganders continue to gather signatures for a 1984 tax-cut referendum; Floridians have enough signatures for their initiative to be placed on the ballot next year (see "Milestones," Oct.); and an effort in Oregon for a tax-cut initiative is under way.

The only serious problem plaguing these efforts has cropped up in Florida, where tax-cut opponents are challenging the initiative in the courts. They claim that it is unconstitutional because it embraces more than one subject (it deals not only with taxes but all other types of state revenues as well).

But on the whole, big taxers and their political brethren, big spenders, are probably leading lives full of unpleasant surprises these days. Things clearly aren't going their way.

The Cato Institute Announces the Publication of

SOLIDARNOŚĆ Z WOLNOŚCIĄ

(Solidarity with Liberty)

A collection of classic critiques of central economic planning and socialism by such authors as Milton Friedman, F. A. Hayek, Ludwig von Mises, Michael Polanyi, Vladimir Bukovsky, and G. Warren Nutter—translated into Polish for distribution throughout Poland via several European organizations.

"Solidarnosc z Wolnoscia will render all the Polish fighters for freedom a service. It will bring to mind simple truths—that only a free man, having the right to own property and of entering into voluntary relations in the free market, can make miracles."

—Zdzislaw Rurarz
Former Polish Ambassador to Japan
(from the foreword)

Contributions to assist with the distribution of this book should be made payable to:
Cato Institute, Dept. R, 224 Second Street, SE
Washington, D.C. 20003.

CATO INSTITUTE

TELLING TRADE SECRETS

Would Americans support protection of US industries from foreign competition if they knew the cost of protectionism? They may be paying *$70 billion* this year in higher prices for consumer goods. And in some cases, *eight American workers* may be put out of work for every one job saved by protectionist measures. These are the findings of two recent studies that have estimated the stiff price that free-market economists have always known must be paid for government intrusion in international markets via tariffs, import quotas, and "Buy

American" requirements.

Michael C. Munger, an economist at Washington University's Center for the Study of American Business, recently completed a study called *The Costs of Protectionism: Estimates of the Hidden Tax of Trade Restraint.* Munger calculated that the direct costs alone for American consumers in 1980 were about $58.4 billion—an average of "at least $255 per person." And this does not include the long-run dynamic costs—forgone opportunities, misallocated resources, and so on.

Munger's $58.4-billion estimate is for the Carter administration's last year. But as the economist pointed out in a recent *New York Times* article, since Ronald Reagan took office the United States has entered into or extended many "voluntary restraint agreements" that have served to raise the prices of cars, ball bearings, batteries, dairy products, mushrooms, alloy tool steel, televisions, textiles, and tin. So three years into an administration afloat in its own free-market rhetoric, the total cost of protectionism, according to Munger, "may exceed $70 billion this year."

Trade restraints cost consumers, but at least they save jobs, it is often argued. But "they don't save jobs cheaply and they don't save jobs for long," noted Munger. "Voluntary agreements negotiated by the United States on steel imports cost consumers more than $85,000 per year to save one job paying $25,000; estimates of the cost of using restrictions on TV, footwear and car imports to 'save' jobs reveal similar bargains." And ultimately, he argued, such job saving, by reducing the incentive to innovate, reduces the future competitiveness of domestic industries.

Another study indicates that even in the short run, jobs may not be saved by protectionist measures. "Domestic-content" bills sponsored by Rep. Richard Ottinger (D-N.Y.) and Sen. Donald Riegle (D-Mich.) would require, by 1988, up to 90 percent American-made content of autos sold in the United States. The United Auto Workers, which supports such legislation, alleges that it would save a million jobs by 1990.

But a study by Wharton Econometric Forecasting Associates, done for the Japan Automobile Manufacturers Association, found that the Ottinger-Riegle proposal could actually eliminate more jobs than it would create. Import-related businesses such as auto dealers and ports would have to lay off workers; and if the Japanese retaliated with an equal-value restriction of US imports, the net loss of American jobs could reach 390,000 by 1990. If that were the case, the report projected, each auto job added by Detroit would result in eight jobs lost in other sectors.

As Michael Munger concluded in the *New York Times*, "Instead of a quick new fix, it is high time American industry kicked the protectionist habit altogether."

ACID COMMENTS

Even as politicians push ahead with proposed remedies for acid-rain pollution, doubts continue to be raised about the true nature of the problem. Perhaps most devastating to the common understanding of acid rain was a recent article in *Science* by soil scientists Edward C. Krug and Charles R. Frink.

Acid rain is considered a serious environmental problem, they noted, because it "is thought to be acidifying lakes and streams, as well as mobilizing aluminum and other metals toxic to fish and plants." But in the climate prevailing where acid rain is said to be a major problem—New England, southeastern Canada, and southern Scandinavia—natural soil formation is itself an acidifying process. Thus, the scientists wrote, "the results of natural soil formation are those attributed to acid rain: leaching of nutrients, release of aluminum, and acidification of soil and water." Moreover, they argued, soil formation "is often more important than acid rain in determining the acidity of lakes and streams."

Krug and Frink cited numerous bits of evidence for their conclusions. For example, several Scandinavian scientists have noted that the amounts of acid in soils are enormous relative to that in rain, so runoff from acid soils will be acid regardless of the acidity of rain. And in discussing the alleged link between acid rain and the presence of soluble aluminum in soil and water, the *Science* authors noted that a finding of less aluminum in "pristine" sites in New Mexico and Washington than in "polluted" sites in New Hampshire isn't surprising,

Speak German like a Diplomat!

What sort of people need to learn a foreign language as quickly and effectively as possible? *Foreign service personnel,* that's who.

Now you can learn to speak German with the same materials used by the U.S. State Department — the Foreign Service Institute's *Programmed Introduction to German.*

The FSI spent thousands of dollars and many years developing these materials for use by members of the United States diplomatic corps. Today people in all walks of life who need to learn to speak a foreign language are turning to this outstanding audio program.

The FSI's German Course is by far the most effective way to learn German at your own convenience and pace. It consists of a series of cassettes, recorded by native German speakers, and accompanying textbook. You simply follow the spoken and written instructions, listening and learning. By the end of the course you'll find yourself learning and speaking entirely in German!

This course turns your cassette player into a "teaching machine." With its unique "programmed" learning method, you set your own pace—testing yourself, correcting errors, reinforcing accurate responses.

AUDIO-FORUM®

This Programmed Course comes in two volumes, each shipped in a handsome library binder. Order either, or save 10% by ordering both:

- ☐ **Volume I. Programmed Introduction to German,** 10 cassettes (13 hr.), and 647-p. text, $125.
- ☐ **Volume II. Basic Course Continued,** 8 cassettes (8 hr.), and 179-p. text, $110.

(Conn. and N.Y. residents add sales tax.)

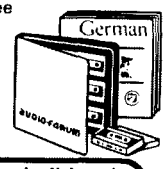
TO ORDER BY PHONE, PLEASE CALL TOLL-FREE NUMBER: **1-800-243-1234.**

To order by mail, clip this ad and send with your name and address, and a check or money order — or charge to your credit card (AmEx, VISA, MasterCard, Diners) by enclosing card number, expiration date, and your signature.

The Foreign Service Institute's German course is unconditionally guaranteed. Try it for three weeks. If you're not convinced it's the fastest, easiest, most painless way to learn German, return it and we'll refund every penny you paid. Order Today!

112 courses in 35 other languages also available. Write us for free catalog. Our 12th year.

Audio-Forum
Suite 34N
On-the-Green,
Guilford, CT 06437
(203) 453-9794



All orders received by Dec. 12 will be delivered before the holidays!
Or visit our New York sales office 145 E. 49th St., New York, NY 10017 (212) 753-1783.

"since the soils in New Mexico and Washington are naturally less acid than those in New Hampshire." The supposed aluminum–acid rain link also ignores the geochemistry of soil formation, they said.

Krug and Frink also discussed why the soil in the areas in question is more acid than elsewhere. Until the early 20th century, many European and American forests were burned, grazed, and cut. But these practices have been discontinued, and the forests are recovering. In New England, for example, the volume of standing wood increased by about 70 percent between 1952 and 1976. And they explained, recovery of landscapes can result in increasingly acid surface soil as well as thickening and acidification of forest floors. "Accordingly, water moving through such soil should also become more acid."

What all this means is that government policies aimed at reducing acid rain might not make all that much difference for the acidity of soil, lakes, and streams. "Natural processes of acidification must be more carefully considered in assessing benefits expected from proposed reductions in emission of oxides of sulfur and nitrogen," the scientists concluded. Yet, in contrast to many *Science* articles supporting environmentalist calls for government controls of industry and technology, the Krug and Frink findings have not been picked up by other media.

While the *Science* article questioned the link between acid rain and acid runoff, others have been noting problems with the concept of acid rain. Reporter Alan Bock pointed out in a recent series in the Santa Ana (Calif.) *Register* that scientists have not yet been able to agree even on the "normal" acidity of rain. Bock noted that presidential science adviser George Keyworth has admitted that 10 or 20 more years of research are needed to answer the many unknowns about acid rain.

Some of the unanswered questions were raised recently by Petr Beckmann in the newsletter *Access to Energy*: "If coal is the culprit, how come there were no complaints in the 1950s when roughly the same amount of coal was burned in North America as now? Where does coal-free California get its acid rain from? And, yes, rain is often acid now, but how much more than 10, 20, 50, 300 years ago?"

Similar questions were raised in the *New York Times* by Richard Funkhouser, a former EPA official. Taxpayers, he concluded, "can't be expected to spend the enormous sums that have been proposed" when the facts about acid rain are so much in doubt.

Yet the politicians push ahead. Reps. Henry Waxman (D-Calif.) and Gerry Sikorski (D-Minn.) have proposed an annual tax of $2.2 billion on utility customers nationally for a "superfund" that would finance pollution controls on the nation's 50 biggest and dirtiest coal-fired generating plants. Customers of 21 western utilities would pay $412.5 million a year, despite the fact that all the offending plants are in the eastern half of the country and many electricity users in western states already pay high utility bills for less-polluting fuel sources.

The EPA, too, is expected to respond to environmentalist pressure soon with some acid-rain control measure. But perhaps the things most in need of control at this point are rhetoric unbacked by facts and hasty political solutions to an extremely unclear problem.

FRIENDS OF FOREIGN WARRIORS

For the Veterans of Foreign Wars, charity will begin at home and end abroad, specifically, in Nicaragua. In August, at the VFW's annual convention in New Orleans, the 17,000 delegates unanimously passed a resolution that the organization help raise money to supply Nicaragua's anti-Sandinista rebels, known as "Contras," with medical supplies, food, and clothing.

The American Security Council, a

THE FREEDOM OF EXPRESSION FOUNDATION

THE PURPOSE OF THE FOUNDATION IS TO ENSURE THAT THE LIBERTY ENVISIONED BY THE NATION'S FOUNDERS IS ENHANCED, NOT JEOPARDIZED, BY THE TECHNOLOGICAL REVOLUTION IN COMMUNICATIONS.

Major Contributors: American Telephone and Telegraph, COMSAT, General Instruments Corporation, National Association of Broadcasters, RCA, Time Inc., United Telecommunications, Warner/Amex, Western Union

Contributions are tax deductible. Write or call for our brochure.

FREEDOM OF EXPRESSION FOUNDATION, INC., 918 16TH STREET, N.W., WASHINGTON, D.C. 20006
(202) 466-8250

private organization based in Virginia, will actually be administering the aid program through its Humanitarian/Truth Fund. The VFW is affiliated with the council through the Coalition for Peace through Strength, a group of 125 various national and state organizations. According to VFW spokesman Wade Ladue, the VFW will run a story concerning the anti-Sandinista rebels in the November issue of its national magazine, based on VFW National Commander Bob Curreio's travels through Central America in July. Accompanying the article will be an announcement of the aid program inviting contributions.

Ladue told REASON that the veterans' group had never before in its 84-year history been involved in a program providing aid to foreign combatants. And Phil Cox, executive assistant to the president of the American Security Council, reported that ASC, too, had never before sponsored such a program.

The 1.9-million-member VFW—second in size among veterans' organizations only to the 2.7-million-member American Legion—hopes to raise several million dollars for aid to the Contras. Such aid would not violate federal neutrality laws, the VFW says, so long as it is directed to humanitarian rather than military ends. Thus far, neither the Justice Department nor the White House has objected to the program.

For other ways in which private individuals and groups might aid foreign peoples in their struggles against oppressive regimes, see Jack Wheeler's article in this issue.

TAX CREDITS NOT FOR WHITES ONLY

Opponents of proposed tuition tax credits for the parents of private-school students often claim that the main beneficiaries of such a program would be middle-class whites. But a new study, conducted by the National Institute of Education at the request of Congress, indicates that Latino and black parents in big cities and low-income parents would benefit most.

In a nationwide telephone survey of public-school parents, the NIE found that about 20 percent of Latino parents and 18 percent of black parents said they would "very likely" move their children to private schools if offered a $250 tuition tax credit. And among those with incomes between $7,500 and $15,000 a year, 18 percent said they would do so. In contrast, only 6 percent of white respondents and only 2.9 percent of respondents with incomes of more than $25,000 said they would enroll their children in private schools if the credit were available.

The Reagan administration has proposed a bill, passed by the Senate Finance Committee, which would allow parents a tax credit for half the tuition paid to private elementary and secondary schools, up to a maximum of $100 in the first year, rising to $300 in the third year. According to the NIE study, the average tuition for church-affiliated elementary schools is $420 a year and for independent private elementary schools is $1,494 a year. (In comparison, the average cost of educating a student in the government schools in 1979-80 was $2,494, according to the *National Journal*). Currently, about 11 percent of children attend private schools; nearly two-thirds of these are in Catholic schools.

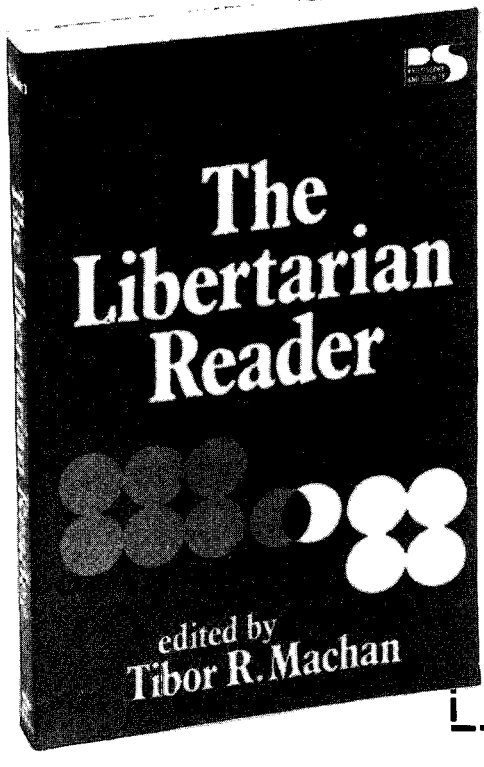
Poor parents stand to gain the most from a tax credit, suggested Joel Sherman of the NIE, because they cannot af-

INTELLECTUAL AMMUNITION

How strong is the intellectual case for a free society? Can the advocates of liberty hold their own against sophisticated advocates of statism like John Rawls?

In fact, libertarian thinkers have developed robust arguments for the primacy of liberty. Now some of the best of these arguments have been collected into a single volume by Tibor R. Machan, senior fellow of the Reason Foundation. *The Libertarian Reader* includes both original and previously published essays by Ludwig von Mises, F. A. Hayek, Milton Friedman, Thomas S. Szasz, John Hospers, Eric Mack, Douglas Rasmussen, Robert Nozick, Fred D. Miller, Ellen Frankel Paul, Gilbert Harman, Charles King, and others.

Treat yourself to an intellectual tour de force. Discover the roots of the philosophy that's making waves in today's world. Order your copy of *The Libertarian Reader* today.



Please send me_____copy(s) of *The Libertarian Reader* at $12.50 each. (California residents add 6% sales tax.)

☐ **My check or money order for $_____is enclosed.**

☐ **Please charge my VISA or Mastercard.**

CARD NUMBER EXP. DATE

SIGNATURE

NAME

ADDRESS

CITY STATE ZIP

THE REASON FOUNDATION
1018 Garden Street,
Santa Barbara, CA 93101

ford to move to areas with better public schools, as the more affluent can. Sherman reported that far more minority parents than white parents expressed dissatisfaction with the public schools.

If a tuition tax credit were made available not only to parents but to any taxpayer who paid a private-school student's tuition, the potential benefits to the poor would likely be even greater than suggested by the NIE results. Such a broader tax-credit plan is supported by the National Taxpayers Legal Fund.

Tax relief for private-education expenses moved a giant step closer to reality this summer. In June, the Supreme Court ruled in *Mueller* v. *Allen* that a Minnesota income-tax deduction provided to parents for their children's educational expenses is constitutional. Other states can now enact similar plans with "minimal risk of their being declared unconstitutional," according to the *Education Voucher Institute News.*

MAKING SPACE FOR ENTREPRENEURS

A group of private entrepreneurs may be the first to build and place in orbit a manned space station. Maxime Faget, a former director of the Johnson Space Center and a renowned designer of manned spacecraft, now heads the Houston-based Space Industries, Inc., which, along with several other investors, is interested in developing a space station.

Such a facility—which industry spokesmen view as critical to further commercial space activity—would be leased to firms for research and for various sorts of manufacturing that would benefit from the weightlessness of space (special alloys and drugs, for example). NASA is considering government development of a space station but is not yet firmly committed to the project.

But before Faget's group goes ahead with the space-station plan, it—and other entrepreneurs itching to pioneer the final frontier—want to know what can be expected by way of government regulation and subsidized competition. President Reagan may have assuaged some of the entrepreneurs' anxieties when he met with a group of them (including Faget) in August to discuss the government's role in the commercialization of space.

At the August meeting, Reagan assured the space-industry representatives that his administration is fully behind space commercialization. Already, a number of government space activities are being moved to the private sector: NASA has requested bids to operate some of its launchers; the postflight overhaul of space shuttles has just been contracted out; a plan for the private-sector takeover of the government's weather satellites and remote-sensing system is being devised in spite of heavy opposition; and proposals to move the entire space-shuttle operation to private firms are gaining momentum.

The signs indicate the growing government willingness to clear the way for private space ventures. Given the unlimited nature of the resource, the benefits—for all of us—could be astronomic.

HAPPY TRAILS FROM BUS DEREGULATION

Last November, Congress gave intercity bus lines the not-very-welcome tonic that it had earlier administered to airlines and trucking. Buses were thus, noted *Business Week*, "the last major segment of the U.S. transportation network to gain a large measure of freedom to go where it wants at the prices it wants." The magazine recently surveyed the effects of the change, and by and large, they're quite encouraging for travelers and entrepreneurs.

Certainly one of the best results from the passengers' standpoint is that there are now far more routes being served, with far more choices of carriers. For example, Greyhound—the largest carrier in the country—has applied to the Interstate Commerce Commission to acquire 2,200 miles of new routes in 44 states and to add new stops along some of its current routes. Trailways (Greyhound's largest competitor) and its 45 affiliated carriers are filing for more than 5,281 miles of new routes, more than twice as much as Greyhound is requesting. They're expected to get favorable decisions from the ICC on most if not all of their requests.

The activity is hardly confined to the giants. The ICC already has applications from 950 aspiring entrants into the industry, many of which hope to serve small regional markets. And many carriers are using innovative marketing techniques to attract customers. Jefferson Lines in Minneapolis has installed Pac-Man video games on four of its buses to attract teenage passengers. Meanwhile, Funbus Systems is beginning operation on the West Coast of what *Business Week* calls "the nation's most luxurious bus ride," featuring movies, hostesses, card tables, airline-style seats, complimentary wine, and hot meals.

Naturally, not everyone is happy with deregulation. There have been dire warnings of service evaporating in rural areas, because several companies hope to abandon routes that lose money. But industry analysts predict that small firms will jump into this niche, just as small commuter carriers sprang up in the wake of airline deregulation.

Also, small companies in business prior to deregulation are miffed that their earlier monopolies on routes are evaporating and they now have to deal with serious new competition, in some cases from giants like Greyhound and Trailways. But Greyhound President Frank Nageotte suggests that the fears of the small bus companies are actually unfounded. "There's more opportunity for small carriers than for Greyhound in deregulation," he told *Business Week.* Small companies had complained in the past that Greyhound had a monopoly on several routes. "Well, now," Nageotte says, "they [the small companies] can get on them." The 950 new applicants to start in business would very likely agree.

One obstacle to full deregulation of intercity buses is the existence of state regulatory agencies, most of which have no compunction about intervening in the business wherever they can. Fortunately, the deregulation-minded ICC has authority to preempt the state regulators on questions of fare structure, route abandonment, and establishment of new routes. The ICC has overturned more than a dozen state regulatory decisions involving fares and several on route changes, and a batch of cases is under review. Potential gains in efficiency are clear: California regulators had annually denied a Trailways request to take San Francisco–Sacramento passengers on the first leg of its San Francisco–Sacramento–New York runs. Recently the ICC gave the go-ahead.

THE CITY HALL ANTITRUST BUST

Though our nation's legal system grants state governments and agencies immunity from federal antitrust laws, various court decisions over the last several years (most notably, *Community Communications Co.* v. *City of Boulder, Colorado*, 1982) have made it clear that local

governments and agencies have such immunity only in special cases. And that has meant a lot of headaches for municipal authorities bent on protective regulation that ends up curtailing competition. In 70 or more lawsuits nationwide, citizens and firms are suing local governments for alleged antitrust violations, seeking in some cases the triple-damage awards allowed by the antitrust laws.

In a recent case, for example, two private garbage haulers sued the government of Chula Vista, California (near San Diego), seeking damages of more than $300,000, alleging that the city violated antitrust laws by contracting with another garbage company without having put the contract up for competitive bidding. The city claimed antitrust immunity, citing a 1980 California law ostensibly granting local governments the authority to contract out their garbage collection without competitive bidding. A federal district court judge disagreed.

Thus far, however, most such suits have been summarily dismissed by the courts on the grounds that, at least in those instances, the municipalities have "state-action" immunity—that is, because their contested actions were deemed appropriately sanctioned by the state, municipalities were judged to share the state's recognized antitrust immunity.

But even where cities are likely to win in court, defending themselves against antitrust suits can be costly. The city of Richmond, Virginia, for example, recently paid a hotel developer $2.5 million in an out-of-court settlement after it had already spent $900,000 on legal expenses and anticipated $2 million more if the case continued. The hotel developer had sued the city because it was denied a construction permit after another hotel company had been granted one.

Disturbed by the potentially disruptive consequences that antitrust liability may have for local governments' regulatory and law-making powers—such as limiting taxicab licenses, prohibiting jitneys, and monopolizing garbage collection and other services—various municipal officers' organizations are pushing for federal legislation to limit local governments' antitrust liability. They have found allies in Sen. Strom Thurmond (R-S.C.) and Reps. Don Edwards (D-Calif.), Hamilton Fish, Jr. (R-N.Y.), and Henry Hyde (R-Ill.). All four congressmen have introduced bills into Congress to limit municipalities' antitrust liability. Whereas Hyde's and Fish's bills

Just Out! Expanded Second Edition!

A Liberty Primer

By Alan Burris

Primer, *n., 1. An elementary textbook. A book that covers the basic elements of any subject. (from Medieval Latin* primarium *"basic handbook"); 2. A small amount of explosive used to detonate the main explosive charge.*

TABLE OF CONTENTS

1. Liberty and Libertarians
2. Why Liberty?
3. History Of Liberty
4. Principles And Philosophy Of Liberty
5. Liberty And Property Rights
6. Economics And Liberty
7. Economic Regulation
8. It's A Free Country, Isn't It?
9. Free Money
10. The Prices Of Liberty
11. Liberty And Labor
12. Monopolies
13. The Real Monopolies
14. Thought Control
15. Liberty And Resources
16. Economic Power
17. Equality
18. Liberty And Justice For All
19. Foreign Relations And Defense
20. Is Liberty Right Or Left?
21. Liberty And Language
22. Government
23. Why Government?
24. Speaking Of Liberty
25. Liberty And You
26. Strategy For Liberty

Studyguide
Recommended Reading
Quotation Index
Subject Index

What they said about the first edition:

"fun to read, enlightening, and principled; an excellent, humane introduction to libertarianism." -- *Peter R. Breggin, M.D., psychiatrist and author of* The Psychology of Freedom

★

"a fantastic book...written with such beautifully simple, yet powerfully clear style" -- *Donald Cochran, Honolulu, HI, a Libertarian for two decades*

★

"deep without being boring; radical without being alienating" -- *Prof. Jennifer Roback, Economics Department, Yale University*

★

"excellent quotations not only keep up the reader's interest, but illustrate the depth and breadth of the libertarian tradition" -- *Dean Ahmad, Platform Committee, Libertarian Party*

★

"everywhere I go, I recommend Alan's book" -- *Alicia Garcia Clark, National Chairwoman, Libertarian Party*

Paperback, 562 pages, 20 illustrations, $7.95. A summary of the case for liberty. Over one thousand quotations by 460 authors, indexed for convenient reference. Study guide with discussion questions for each chapter and directions for organizing discussion groups. Also useful for classroom study of liberty.

To: Society for Individual Liberty of Genesee Valley,
Box 10224, Rochester, NY 14610

Enclosed is $ _____ for _____ copies of the second edition of ***A Liberty Primer***, at $7.95 each. (NY residents add appropriate sales tax.)

(Please Print) Name _____

Address _____

City, State, ZIP _____

GLOBAL TRENDS

THE ECONOMISTS WHO CAME IN FROM THE COLD

USSR—A recent, highly critical report on the failing Soviet economy fingered central planning as the culprit. The report's authors? Top Soviet economists at a highly regarded Siberian think tank in Novosibirsk. In the report, the economists called for radical reforms, including the elimination of various bureaucracies and allowing more autonomy for individual enterprises and workers.

Though there has been much talk of economic reform since President Yuri Andropov took power last November, following Leonid Brezhnev's death, little in fact has been done. Andropov has focused most of the blame for the economy's dismal state—a growth rate of only 2-3 percent last year—on workers' poor attitudes and behavior. Consequently, "reform" has taken the shape of two new sets of labor laws, the latest laid down in August, aimed at disciplining workers for absenteeism, alcohol abuse, and subquota output.

But the Novosibirsk economists dismiss worker problems as the major cause of Soviet economic woes. In their view, worker troubles are merely one symptom of an ailing economic system characterized by "a very high degree of centralization," "the inhibition of market forces," "a discrepancy between the prices of consumer goods and production costs," and "restrictions on all forms of unregulated economic activity."

The report, an unpublished classified document circulated among top Soviet officials and leaked to Western journalists, went on to suggest less central planning and "disbanding" many layers of bureaucracy. (Shortly following circulation of the report—and perhaps as a coincidence—a Soviet newspaper proposed that citizens be allowed to use their cars as private taxis, currently a widespread, but illegal, practice.)

Displaying a sociological acuity, the Novosibirsk economists pointed out that many bureaucrats, with vested interests in the continuation of their jobs, would strongly oppose moves toward decentralization. And right they were. Though Soviet authorities, in response to rising calls for economic reform—including, presumably, the Novosibirsk report—announced an experimental program to loosen controls in a few industries, government officials made it clear that such experiments would proceed cautiously and would in no way change the central-planning system.

The Soviet leadership—a group of elderly, conservative party higher-ups strongly resistant to any tamperings with central planning—may respond to the economists' report, as they have to such reform proposals' before, with an "inquiry" into the think tank's ideology. Nonetheless, debate over market-oriented reforms, it seems, is alive and kicking behind the Iron Curtain.

AVOIDING SUICIDE

LAOS—Marxism appears not to have found an entirely welcome home in Laos. In control since 1975, the Pathet Lao Communists nearly crushed the nation's economy—by nationalizing the country's few industries and prohibiting private trade—before they started instituting capitalist reforms in 1979.

In July, *Time* correspondent David DeVoss reported that Laos is consequently doing better than its more strictly communist Southeast Asian counterparts. Since the Laotian regime, under President Kaysone Phomvihane, removed the private-trade ban, "called for a more efficient price structure," and encouraged private consumer and service markets, the nearly obliterated Samensthai commercial strip in Vientane, the capital city, has been dramatically revitalized.

"It is inappropriate, indeed stupid,"

(Continued on p. 20)

would give localities the same antitrust immunity states have, Thurmond's and Edwards's bills are more moderate.

Legal authorities, however, disagree on how such legislation will hold up in court, noting that many higher-court decisions have stressed the primacy of antitrust considerations where municipalities' actions have anticompetitive consequences.

LOOSER STATE STRINGS ON LONG-DISTANCE

While deregulation of interstate long-distance telephone service has been proceeding swiftly of late, for long-distance service within states the pace of deregulation has been more modest. But there have been significant developments.

Most recently, both Florida and South Carolina have allowed competitors in intrastate long-distance phone service. California now allows competition in the long-distance intrastate transmission of data (rather than voice) communications. And both New York and Texas do not restrict the resale of intrastate long-distance phone service. (Resellers lease lines from other carriers and then sell the use of these lines to customers who could not afford to lease lines individually.)

Last year, Telecommunications Systems, Inc., successfully petitioned South Carolina's Public Service Commission for a license to operate a microwave communications system within the state. A number of businesses and organizations testified in behalf of TSI, claiming that the new provider would enhance communications statewide. (Opposing the license, predictably, were representatives of established phone companies, including Southern Bell.)

And in Florida last year, Microtel, Inc., was granted a license to operate a microwave system throughout the state. While the South Carolina Public Service Commission's review of TSI's license request reads like a conventional regulatory-agency document—based on deeply entrenched notions of utility regulation in the "public interest"—Florida's Public Service Commission, in its review of Microtel's license request, showed some thinking rather uncharacteristic among regulators.

"Competition," wrote the regulators, "is superior to regulation in bringing the benefits of economic enterprise to the public." Moreover, the commission ac-

Presents of Mind

Outstanding new books as Gifts for friends or for yourself

MODERN TIMES by Paul Johnson

Modern Times is an incredibly ambitious book — a survey of world history from the 1920's to the 1980's. Paul Johnson, a British historian and journalist, is more than a mere reporter of past events: he is a defender of capitalism, individualism, and the rule of law — and he explains how the destruction of these values unleashed a century of conflict and carnage.

Despite some controversial conclusions, *Modern Times* is undeniably a distinguished work of scholarship and interpretation. It is rich in narrative power and eloquent in style — a work to be read and savored.

Publisher's price: $27.95..... Book Service: $24.95

RED CARPET by Joseph Finder

Lenin predicted that capitalists would compete to sell Russia the rope to hang them. *Red Carpet* is the story of how five leading American businessmen have worked tirelessly to fulfill Lenin's prophecy. Joseph Finder reveals how the Soviet Union enticed Armand Hammer, W. Averell Harriman, Cyrus Eaton, David Rockefeller, and Donald Kendall to serve its purposes, by exploiting their vanity, their gullibility and their belief that East-West trade would ensure world peace.

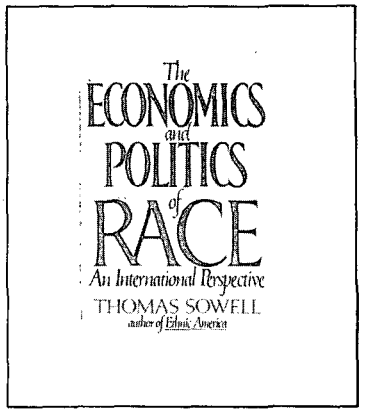
Written with great dramatic flair, *Red Carpet* demonstrates how easy it is for dictators to manipulate businessmen who believe that ideas (political philosophy and morality) are irrelevant to commerce, and that dictators are simply a different breed of businessmen.

Publisher's price: $16.95 ..... Book Service: $15.95

THE ECONOMICS AND POLITICS OF RACE: AN INTERNATIONAL PERSPECTIVE by Thomas Sowell

In his earlier book, *Ethnic America*, Dr. Sowell demonstrated that the ability of minorities to prosper depended on the existence of economic freedom in America. In his new book, he extends his analysis to the international scene, examining how three groups — the Overseas Chinese, European Emigrants, and Blacks and Coloreds — struggled to succeed in new surroundings. Basing his analysis on a wealth of historical evidence, he shows that these minorities flourished best in societies where economic competition was open to all, and that the free market encouraged cooperation between groups that harbored no love for each other. He argues that the best solution today — both for minorities and for Third World countries — is to allow the processes of the free market to operate without hindrance. An enlightening and convincing case for economic liberty.

Publisher's price: $15.95..... Book Service: $14.95



THE WAR AGAINST THE ATOM by Samuel McCracken

McCracken exposes the myths and distortions about atomic energy spread by critics such as Ralph Nader, Amory Lovins and Barry Commoner. Bringing the voice of reason to a subject tinged with hysteria, he explains why the development of nuclear energy is crucial, in terms of both lower costs and higher safety, and demonstrates why fossil fuels and solar power are inferior alternatives. The most up-to-date and persuasive book in this controversial field.

Publisher's price: $18.55..... Book Service: $16.95

SCIENTISTS CONFRONT CREATIONISM Edited by Laurie R. Godfrey

Fundamentalists claim that evolution is a "Satanic lie" and that Creationism deserves equal time in the classroom. This powerful broadside, written by 15 scientists, exposes Creationism as a Bible-based pseudo-science, and reveals its errors, clearly and non-technically, by presenting the evidence that validates the theory of evolution. These essays are valuable ammunition for those who want to speak out on the controversy that is now raging in American classrooms and courtrooms.

Publisher's price: $19.50..... Book Service: $17.95

ORDERING INFORMATION: Full remittance must accompany all orders. Within the USA, add $2.00 to cover postage and handling: outside USA, $3.00. Make check or money order payable to PALO ALTO BOOK SERVICE. California residents, add 6% sales tax. Please pay in U.S. Funds.

SEND ME:

- ☐ MODERN TIMES $24.95
- ☐ RED CARPET 15.95
- ☐ ECON. & POL. OF RACE 14.95
- ☐ WAR AGAINST ATOM 16.95
- ☐ SCIENTISTS vs. CREATIONISM ... 17.95

Sub-Total: _____

Sales Tax: _____

Postage: _____

TOTAL ENCLOSED: $ _____

Mail to:

PALO ALTO BOOK SERVICE
200 California Ave., Palo Alto, 94306
(415) 327-7781

GIFT ORDERS: We will ship books anywhere in the world —gift-wrapped with a card enclosed — at no extra charge. Please write out the titles and the recipients' names and addresses on a separate sheet of paper.

Send me your free catalogs:

- ☐ The Works of Ayn Rand
- ☐ 1984 Catalog (150 books in politics, economics, philosophy, law, creative thinking, fiction, etc.)

Name _____

Address _____ Apt. # _____

City _____ State _____ Zip _____

knowledged, "technological progress in the transmission of long distance (interexchange) telecommunications has rendered the natural monopoly concept obsolete for this segment of the telephone business."

REASON readers, of course, will ask whether the natural monopoly concept applies *anywhere* in telecommunications these days. As Peter Samuel suggested in our last issue ("Hanging Up on Your Phone Company"), public utility commissions would serve consumers well by throwing local telephone service open to vigorous competition, as well.

EXPANDING CONTRACTING

More and more government officials, it appears, are accepting and acting upon the well-documented proposition that private firms are more efficient than government bureaucracies in providing "public" services (garbage collection, mass transit, fire protection, and so on). A recent example is the Chicago Board of Education's experimental contracting out of breakfast and lunch programs at 35 Chicago schools.

In its successful bid for the contract, ARA Services told the board that after paying the firm its $5.3 million contract fee, the board would see a $400,000 surplus. (Most of the savings would be enjoyed by federal taxpayers, because the school board's federal subsidy would decline; but some would redound to the schools.)

James Williams, the board's contract liaison with ARA, told REASON that ARA's performance will be compared against noncontracted food services at 35 similar schools. If the pilot program is successful, the board will consider contract-

GLOBAL TRENDS

(Continued from p. 18)

DeVoss quoted Kaysone as having said, "for any party to implement a policy forbidding the people to exchange goods or carry out trading. Such policy is suicidal"—particularly in Laos, where, as DeVoss put it, "the national psyche does not lend itself to strict regimentation." And it is indeed to exert some considerable pressure on that reluctant psyche that Vietnam and the USSR have 40,000 soldiers and 5,000 advisers, respectively, on Laotian soil.

A NEW NUMBER FOR JAPANESE TELEPHONES

JAPAN—While the breakup of AT&T has made headlines in the United States, an equally dramatic breakup of the Nippon Telegraph and Telephone (NTT) monopoly in Japan is quietly moving ahead. But according to Britain's *Economist*, there's a big difference between the two: while AT&T deployed armies of lawyers to maintain its monopoly, NTT chairman Hisashi Shinto actually looks forward to giving up his government-owned company's monopoly status and becoming more independent of the Japanese government.

Japan's ruling Liberal Democratic Party is in favor of ending the NTT monopoly. Officials recognize that the current arrangement has held up the convergence of computers and telecommunications. (NTT's three laboratories, according to the *Economist*, are the source of much of the country's leading electronics research.)

In the past year, the government had already licensed cable television companies to build new networks capable of carrying other services besides television programs and to send messages in both directions. Now, the government plans to send to parliament a bill that would divide NTT into a central telecommunications company and as many as five regional companies—all essentially privately owned.

For NTT, deregulation also means that it can reduce long-distance telephone rates without parliamentary approval, expand into data communications services (this is reportedly necessary for the company's health, since ordinary telephone service has already expanded about as much as it can), and devote more of its resources to modernizing its old network and keeping ahead of new competitors, including IBM Japan. And NTT has made much of its plans for wiring all of Japan, via fiber-optic cables, into an "information network system" offering two-way transmission of every form of communication.

Hisashi Shinto and NTT, by actually pushing for an end to their government-protected monopoly, are a refreshing contrast to their American counterparts. It's probably a sign that as the freer market becomes imminent, they will do quite well.

PRIVATE TV, ITALIAN STYLE

ITALY—It may or may not be baffling that TV viewers in Rome and Milan spend their evenings watching shows like *Dallas* and *Dynasty*. But in rising numbers they do—thanks to Italy's fledgling but growing private TV industry. And this is upsetting authorities of the state-run network, RAI.

Over the last few years—and in the face of RAI's legal threats—Italy's private TV industry has experienced remarkable growth, much of it fueled by the popularity of American shows broadcast by the private networks. Indeed, so popular is the independent channel 5—whose fare has included *General Hospital*, the *Mary Tyler Moore Show*, and a live broadcast of last January's Super Bowl—that it has surpassed one of RAI's two channels in prime-time viewership. Moreover, between 1979 and 1982, channel 5's advertising revenue increased from $1 million to $159 million.

Together, the independents have so surged in popularity that RAI's share of TV viewers has dropped from 97 percent in 1976 to 60 percent today. The hot competition has pressed RAI to start airing its own American imports, including *Trapper John, M.D.* and *Hill Street Blues*.

Private TV's ultimate coup may come when the independent channel 5 begins broadcasting its own news program this year. Thus far, news and information programming has been the state's turf. Channel 5, however, may be limited to local, rather than national, news broadcasting; Italy's courts have upheld the state's monopoly on live broadcasting nationwide.

Some observers of the nation's TV-viewing habits have decried the imported fare as undeserving of Italians' attention. But apparently the observers' compatriots don't agree—they just can't wait to see what dastardly deed J.R. pulls off next.

ing out meal programs at all of its 610 schools. (The Reason Foundation's Local Government Center reported in its *Fiscal Watchdog* newsletter in June that at a number of school districts throughout the country where food services are contracted out, meal programs are self-supporting, and contracting often reduces the district's administrative burden, as well.)

Contracting out has experienced major developments in the corrections field, as well. Most notable is the start-up late last year of Corrections Corp. of America, a Nashville firm whose investors include backers of Hospital Corp. of America, the nation's largest hospital-management company. CCA is seeking contracts with governments in several states to operate minimum-security and eventually maximum-security facilities, much as private firms now manage large numbers of hospitals and nursing homes.

Thus far, contracting out of correctional institutions has been limited mainly to halfway houses, work-furlough centers, juvenile "camps," and a handful of federal lock-up facilities. Most contractors are small, social-service agencies, though there are some moderate-size for-profit firms in the field. CCA has not yet announced any contracts, but the firm is reported to be anticipating revenues of $12-$15 million—in a market estimated at more than $1 billion—in its first year of operation.

MILESTONES

• *Listing legal.* The Multiple Listing Service, which enables real estate brokers to share information on listed properties with fellow brokers and to cooperate with them in finding buyers, has survived a court challenge on antitrust grounds. A California court said the MLS is a competitive and valuable organization and does not have to share its listing book with nonmembers.

• *Oregon not trailing.* A petition drive is currently under way in Oregon for a state constitutional amendment that would require state and local governments to contract for any service that is available from private companies. The "Enterprise Petition" would also require that all construction, maintenance, and repairs be performed by the private sector.

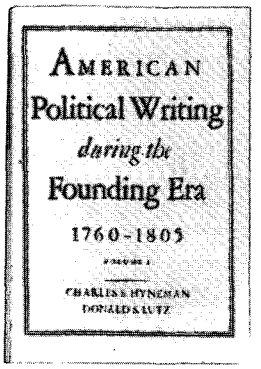
• *Free association.* The powerful Atlanta law firm of King & Spalding, challenged by one of its former associate lawyers in a sex-discrimination suit, is arguing before the Supreme Court that law firms' hiring and promotion policies are private internal matters protected by the First Amendment right to freedom of association. And if a law firm's, why not a university's and an airline's and a steel mill's and...?

• *Cloudy crystal balls.* In a 10-year period, presidential forecasts of following-year federal-deficit changes were wrong by an average *529 percent*, according to a recent Cato Institute Policy Analysis. Analyst Randolph Boehm examined presidents' records on other economic forecasts, as well, and found them chronically—and grossly—inaccurate for 1971-82: GNP forecasts off by 24 percent; consumer price index predictions off 63 percent; and forecasts of federal-receipt changes off by 87 percent.

• *Mexican reforms.* In August, Mexico adopted a new criminal code that no longer treats adultery as a crime, lessens the penalties for abortion and drug use, and toughens the penalties for violent crimes.

—ROBERT POOLE, JR.,
PAUL GORDON,
AND ERIC MARTI

LibertyPress
LibertyClassics



American Political Writing During The Founding Era: 1760-1805

In Two Volumes

Edited by Charles S. Hyneman and Donald S. Lutz

These volumes provide a selection of seventy-five pieces relating to the founding of republican government in North America, most of which have been available only in research libraries. The editors have examined many hundreds of pamphlets, sermons, newspaper articles, and other documents in order to select those which they believe are of highest intellectual quality. Volume II includes an annotated bibliography of five-hundred worthy pieces which could not be printed even in this extensive collection.

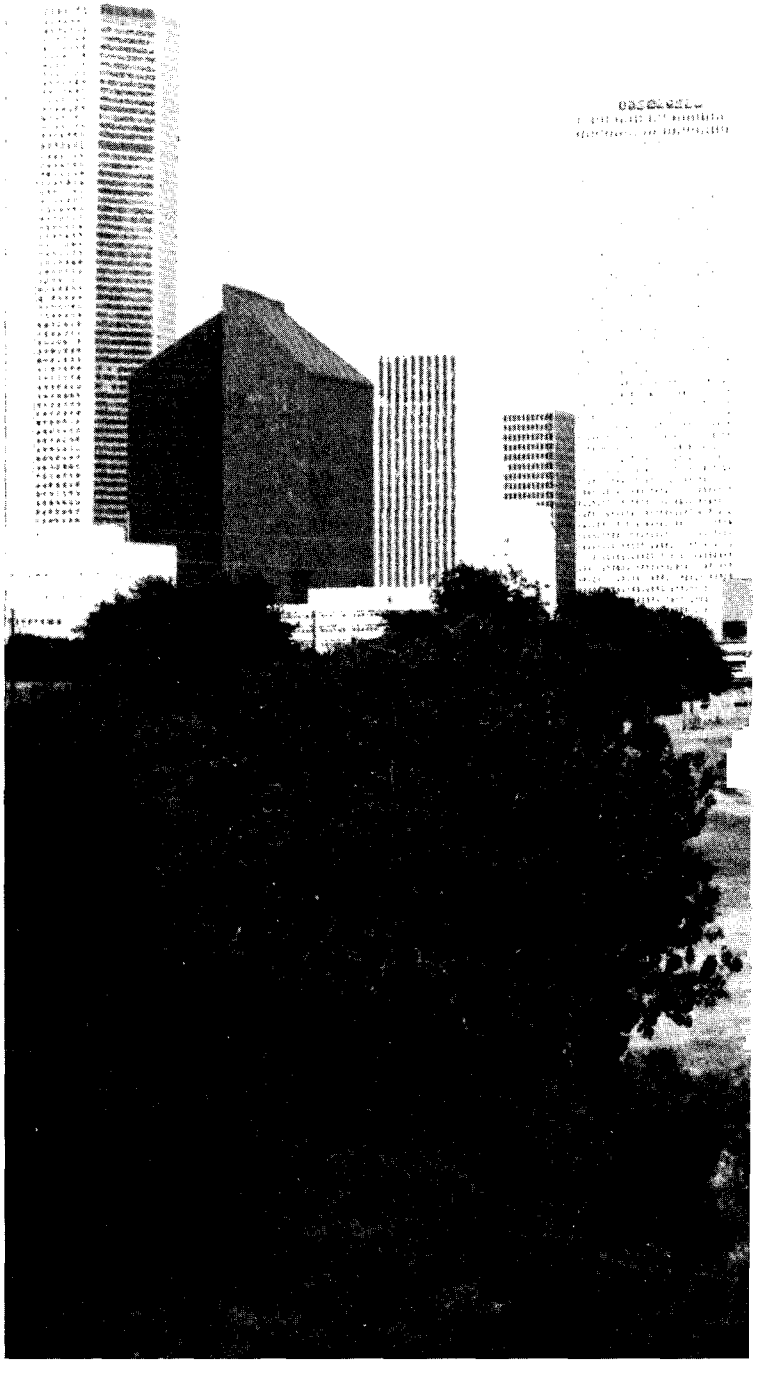
Hardcover $28.50 the set;
Softcover $13.50 the set

Prepayment is required on all orders not for resale. We pay book rate postage on prepaid orders. Please allow 4 to 6 weeks for delivery. *All* orders from outside the United States *must* be prepaid *in U.S. dollars*. To order, or for a copy of our catalogue, write:
LibertyPress/LibertyClassics
7440 North Shadeland, Dept. G119
Indianapolis, IN 46250

THEY BUILT THEIR

and other tales of privat

BY
THOMAS HAZLETT



A privately built four-lane divided highway in Houston? Things like that aren't supposed to happen. After all, who would fork over bucks for a road that anyone and everyone can motor along without paying a cent? Well, yes, but...things like that *do* happen in Houston.

Several years ago the West Houston Association—a group of businesses—saw that a whopping traffic problem on the booming west side of town could be cut down to size by the addition of a four-lane roadway. So they planned its route and they got it built—not by the city (a.k.a. the taxpayers), but by landowners with properties adjacent to the planned road.

Now the association has on the drawing board a 10,000-acre privately financed park called Cullen Park. The Cullen Foundation has pledged an initial $6 million for developing it, and the project is to benefit from another $50 million over the next several years from nearby developers—their beneficence coordinated by the West Houston Association.

These are the sorts of things I discovered when I ventured to Houston recently. My journalistic assignment: to find out why zoning was coming to Houston, the one major American village without it or very much else in the way of government land-use regulation. For there had appeared in the summer of '82 a spate of news reports saying that Houstonians were fed up with "unbridled growth" (the *New York Times*) and "untrammeled development" (Britain's *Economist*) and that "stringent" controls on developers were finally being considered—and passed—by a city council that was "turning over a new leaf" in order to bring some measure of planning sanity to Houston's helter and skelter of land-use anarchy.

But when I visited the Land of Chaos to dig beneath those reports from the international press corps, I found no articulate support for zoning there: not in the mayor's office, not on the city council, not in the planning and development community—not anywhere outside of the ritziest suburban neighborhoods. I *did* find that Houston developers, who are doing more planning and building than their counterparts in any other three American cities put together, consider themselves far ahead of the zoners in solving urban problems; that whatever Houston's current difficulties, they are uniformly byproducts of its success as *the* growth phenomenon of urban America; and that the people in Houston don't have any explanation for why outsiders keep writing nasty things about life without zoning in their sweet little town by Buffalo Bayou.

It was a setback ordinance passed by Houston's city council in June 1982 that sparked last year's articles trumpeting the victory over rapacious, unzoned development. Yet the assertion that Houston had never had anything of the sort is pure mendacity. The Houston Planning Department, in existence since 1940, has for four decades coordinated private development with public facilities such as roads, sewers, and schools. It was already enforcing a setback provision for subdivision development, which is the name of the game in at least 80 percent of the city's building area.

OWN HIGHWAY...

land-use planning

The radical reform enacted by the 1982 revolutionaries meekly imposed setback requirements for industrial and commercial property (10 feet on local roads, 25 feet on commercial thoroughfares) and provided for the connection of stub streets (streets whose continuity is impeded by undeveloped lots). And these provisions had been widely effective in practice, if not in policy, for several decades. No surprise, then, that setback-ordinance proponents could cite only *one* instance in this 3-million-person metropolis where a street widening to relieve traffic congestion had been thwarted by buildings that were too close to the roadway.

And the glory of a people's victory over "development interests"? Houston's assistant planning director, Kerry Gilbert, informs: "The development industry didn't oppose the ordinance—in fact, it endorsed it—because it was already aware of the problem and had already begun setting back buildings. The emphasis is now on large industrial or commercial parks with lots of open land space." In Houston, the private sector is always six strides ahead.

As for nonzoned Houston's failed experiment in free-market land-use allocation, we may turn to zoning "advocate" Eleanor Tinsley, the council member who sponsored the ordinance: "I don't see a referendum on zoning passing in the future," she told me. "Houston has done well without zoning, so I'm not a proponent of zoning."

In some quarters, Houstonians are thought to be so unsophisticated as to have avoided even discussing zoning—for if they had, wouldn't they have embraced its obvious merits? But as Roscoe Jones, Houston's planning director from 1964 to 1983, wrote in a recent monograph: "The subject of zoning was seriously considered in the 1920's and it was determined by the City officials at that time that this exercise of municipal police power was not necessary or desirable to impose upon the citizens. The subject of zoning was again given serious deliberation in 1938 by the Houston City Planning Commission, resulting from studies and recommendations by nationally recognized planning consultants....

"Another zoning ordinance and map were prepared and presented to the citizens of Houston in the form of a 'straw-vote' election in 1948. The proposed zoning ordinance was soundly defeated at the polls. Again in 1962, as part of a comprehensive planning effort, another zoning ordinance and map were prepared, submitted to the citizens in another 'straw-vote' election and again zoning was decisively defeated at the polls."

For the record, Houston is the only major American city to hold a popular referendum on zoning—a tricky way to "avoid" the issue. In fact, in the municipal sprint to zone land use in the two decades following New York City's landmark adoption of controls in 1916, Houston was the one big city to *resist* the stampede and *consider* the issue.

If the truth be known, it is the zoning impulse that has proven a rush to judgment and made a botch of rational land usage. Jerry Wood, the mayor's assistant for such matters in Houston, used to work as an urban planner in (zoned) Tulsa, Oklahoma. He points out that the "vogue in city planning in the 1970s" in places like New York City was to push "urban plazas"—and to rid the city of the sleazy mumbo-jumbo of little shops and unrelated stores that dot the older, less-"planned" sections of the city.

"Today, those plazas are hotbeds of crime and a big zoning failure," Wood says of the modern planners' wizardry. Public officials failed to see the merits in the hustle and bustle of small, informal enterprise breeding an urban vitality from the clutter of little storefronts, and they failed to see also the devastating impact of marble-pillared sterility. Now the lone, after-dark activity in many of the architecturally superb urban

Photographs by Fred Edison

plazas is the gentle sound of a drug deal—or *dealer*—going down.

It is Houston's "unplanned" flexibility that so impresses its patrons. "Our older areas tend to revitalize themselves," observes city planner Kerry Gilbert. "You get conflicting land uses, where you see residential uses alongside multiple-family [apartments and condos] or commercial development. Revitalization happens here quickly in the private sector, as opposed to waiting for the public sector to get the government involved." In fact, the city has cut itself out of all federal urban-renewal subsidies, because the Department of Housing and Urban Development insists on the citywide zoning ordinance that Houstonians keep trashing.

Unplanned flexibility or planned subsidies—they seem to have made the smart choice in Houston. About one house out of 15 built in the entire *country* last year was built in Texas's Harris County—that is, metropolitan Houston. The city abounds with billboards touting "Luxury Townhomes Starting in the Thirties"—the *purchase* price, not the required down. All through a recession, with interest rates stuck in the upper stratosphere, nonzoned Houston went right on constructing. It did so by "downsizing" its product.

Mike Marix, president of a large Texas construction firm, believes there is an important reason why Houston continued to hammer away: "We've shown in Houston that the market can respond to the financial needs of the consumers in the marketplace. When interest rates go to 15, 16, 17 percent, the payments run amok if you're dealing with a fixed-size house. You have to go to a smaller unit. You can't do that in Dallas, where the zoning authority sets 1,600-foot minimums."

Yet, if flexibility flows from freedom, freedom begets fear: the fear of nonzoning. "If you live in a city with zoning, you *feel* you're protected," cautioned Gilbert in his office in the city's planning agency. Confronted with the idea of living without such controls, people "fear that they'll be living next door to a gas station. But I've never seen a gas station at the end of a cul-de-sac. The economics of the situation just don't allow it." (And when one oil company mistakenly believed the economics justified a gas station in a nice Houston neighborhood, the hundreds of angry residents who mailed back their oil-company credit cards quickly convinced the company otherwise. The gas station was not built.)

"Even" without government-imposed land-use planning, Houstonians do *not* end up with anarchy. How they "control" development is an interesting testament to freedom and the human ingenuity that thrives under its wing.

"All the things I thought would be missing were done differently and called something else," concedes recent Minnesota transplant Patty Reeker. Reeker, who came to Houston from St. Cloud last year, believes "it's a good experience for a person to come from a place with zoning and experience a city like this." It's been a particularly good experience for *her*, because she was the city planning and zoning coordinator in St. Cloud and now works as a planner in Houston's Planning Department.

Reeker was well prepared by graduate-school planning courses to know precisely what to expect in Houston—screaming chaos and an urban-planning house of horrors. "I thought I would see rampant commercial development on every residential corner," she recounts. "In St. Cloud, everyone seemed to want commercialism everywhere but next door to them. I thought, without zoning, Houston would have a million commercial developments."

What she found, however, were 10,000 private deed restrictions governing land use via the private market. Often ridiculed by academic analysts as ghastly expensive, clumsy, and impossible to create or enforce, these agreements web the city of Houston into a complex labyrinth of private zoning "ordinances" covering some 10,000 residential and commercial developments.

Also called "restrictive covenants," private deed restrictions are legally binding agreements among property owners to restrict the uses of land in their development for a certain period of time (normally 25 to 30 years). Originally, deed restrictions were common only to residential subdivisions in the city, but more and more, developers of commercial properties too are putting restrictions into their deeds. (When modern covenants expire, their provisions continue to hold unless a large majority of deed holders—the requirement varies—votes to cancel or amend the covenants.)

The covenants, for example, for the Courtyard-Woodland Trails West Homeowners Association (filed in September 1980) run 32 single-spaced pages and flatly preclude individual property owners from, among other offenses: using their lot for anything other than "single family residential purposes"; erecting a "sign of any kind"; engaging in "any noxious or offensive activity"; wiring up "any outside lighting or loudspeakers or other sound producing devices" that "may be or become an unreasonable annoyance or nuisance to the other Owners"; or erecting "buildings or exterior additions or alterations to any building" without—for any of this stuff—explicit permission of the resident-elected board.

Such *private* zoning has given Houston some of the country's most luxurious ghettos of wealth: River Oaks and Sharpstown, for instance, are the anarchistic land-use analogues to the plushest publicly planned Grosse Pointe, Michigan, or Scarsdale, New York. "You'll see the same type of development in Houston as in zoned cities," says Reeker, "but it isn't done by a zoning map." (No matter how it's done, observed this investigator, you still cannot find a Union 76 station or a 7-11 store when you really need one.)

The theoretical dilemma that zoning purports to solve is the problem of "externalities." If you want to consume a good that has a clear owner—a cheeseburger, say—you pay the owner and wolf down the burger, and everybody involved is happy. Some resources, however, are less tangible than a burger and hence more difficult to analyze in terms of *ownership*. When you crank up your car tomorrow morning, you will neither calculate, nor compensate for, the airborne flotsam you churn into your neighbor's lung-space. While you pay for the double-cheese-with-onions, you use up the clean air for nothing, because nobody owns it and nobody's charging for it.

This "spillover," or externality, is therefore not taken into account when you rev up the V-8. When you consume for free, you fail to "internalize" the cost you inflict on others, whereas you unfailingly remember that you should not consume the burger unless it's worth to you at least $2.19—what Burger Heaven will sell it for, to cover costs.

When a proposed development does not fit its neighbors' conception of a pleasant neighborhood, zoning alleges to solve this third-party effect by allowing the adversely affected property owners redress before city authorities. Suppose, for instance, that a retirement community learns that the church next door is planning to construct a day school for boys and girls. The residents of the old-folks enclave will immediately rush to protest this assault on their neighborhood. And with all the clout the organized seniors are likely to have down at city hall, the church day school is just liable to find its land rezoned for a mortuary (something that keeps to itself while providing a neighborhood convenience).

Not only is this an example of what generally takes place in a zoned locale, it demonstrates how distant from the theory of externalities is the zoning solution. The retirement community could always have *purchased* the church's land or purchased the church's *right* to build the school (that is, have paid them off—or made a heartfelt donation, rather—to entice the church to place the school elsewhere). At minimum, it could have made an issue of any bona fide spillover: traffic, noise, or stray kids (soluble by additional off-street parking, thicker walls and higher fences, and adequate supervision, respectively).

But such solutions are rarely what the zoning process aims for. In St. Cloud, for example, Patty Reeker found zoning theory shipwrecked on the shoals of zoning-board reality: "My professors taught me how to lay out a city with compatible land uses; no one ever told me you'd become a politician yourself."

The nitty-gritty of public zoning is assigning and reassigning, carving up and dishing out, shuffling up and dealing out...property rights. The right to build, or to have your neighboring lot left empty, is valuable to the winner and costly to the loser. And so zoning is a game of pressure, of favors, of personalities, of arbitrary awards and personal friends and bureaucratic preference—in short, a game of politics. Everyone wants a piece of the cross-subsidy cake—the one who loses pays a "tax"; the one who wins lands a subsidy—and Reeker soon found that "politicians on different boards all tried to get in on the action by expanding their jurisdiction over zoning matters."

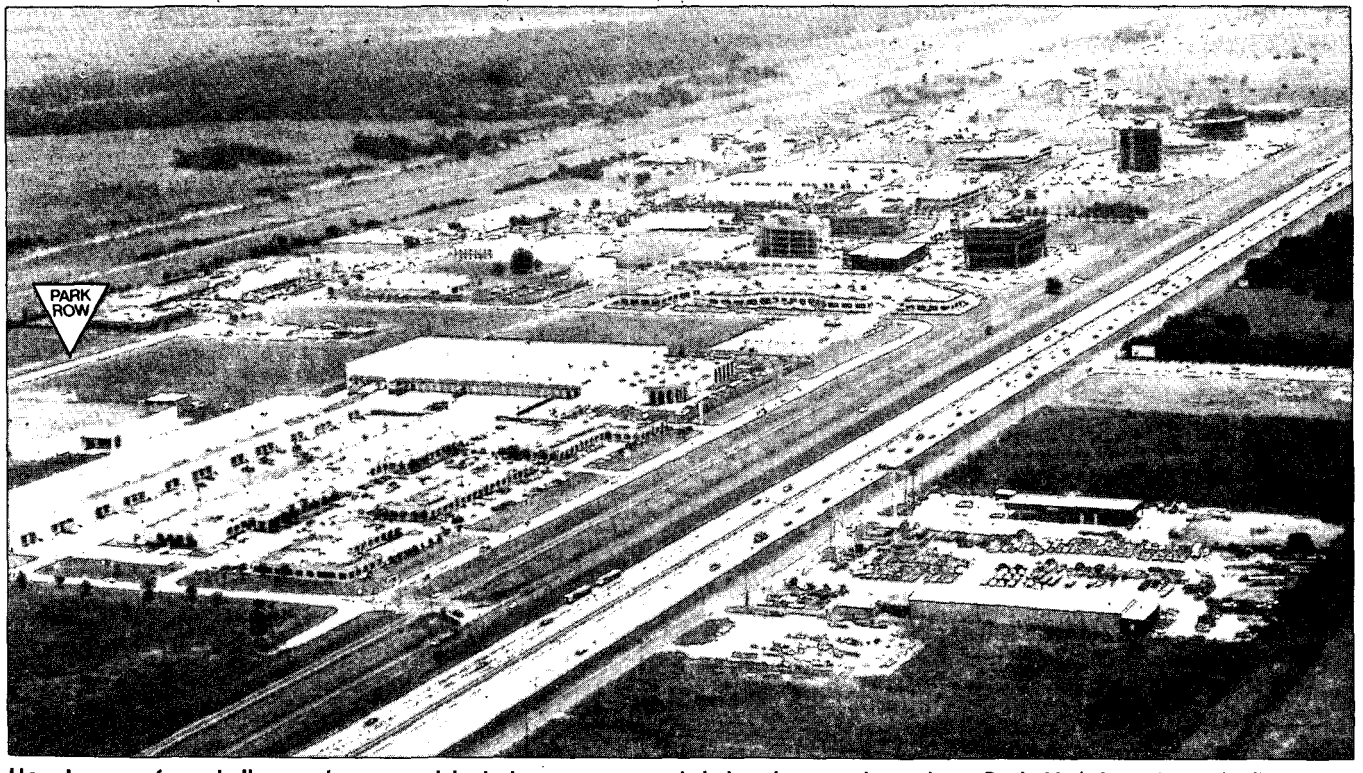
But where politicians have no jurisdiction over zoning matters—as in Houston—actual solutions to the externalities problem have blossomed and are innovatingly nursed by the profit sector. The key is the private developer, who in a town without the protection of government-imposed zoning, must cater to a wary consumer. Here, the buyer can shop for a private zoning compact, and competition among rival builders centers not on the simple task of throwing up slick stuccos and shingles but largely on the creation of nice *neighborhoods.* This is hardly ingenious and not the least little bit altruistic: banks won't even advance the working capital to a builder whose development lacks a set of deed restrictions. (And, as Dick Bjornseth reported in REASON in July, the unincorporated area of Harris County—the area outside of the city proper—has no government-mandated building code, but bankers are equally stingy with their loans to builders whose construction is not guided by *private* building standards.)

As eyewitness Houston planner Reeker finds, "In this town, there is a lot of pride, and every developer has a signature. People have a cooperative spirit, and the developers all have land-use planners working for them."

"If a developer does a poor job in Houston," notes city planner Gilbert, "his development is a flop." The fattest construction firms in Houston, in fact, are the ones that pave the way for the nicest neighborhoods, not the ones that grease the way for the slickest zoning variance.

The commercial sector of Houston is as vibrant, expansive, and progressive a testament to American brains and brawn as this forlorn Republic can currently boast. "No one can say what Houston would look like if the city had adopted zoning and strict building regulations in the beginning," surmised local television personality and Houstonologist Ray Miller in his 1982 book, *Ray Miller's Houston.* "But there is a good chance that Smith Street will soon be the best-looking thoroughfare in America. Smith will be lined with mostly new and good-looking buildings for 17 blocks."

And the industrial parks of tomorrow are on display today in this Texas-style Disney World: "The large energy corporations and other commercial tenants," reports *Houston Living* magazine, "are doing more than constructing skyscrapers in the recently vacant rice fields. Employing nationally recognized architects, the corporations are building campus-like, low-rise buildings that extend into park style acres of man-made lakes and landscaped lawns."



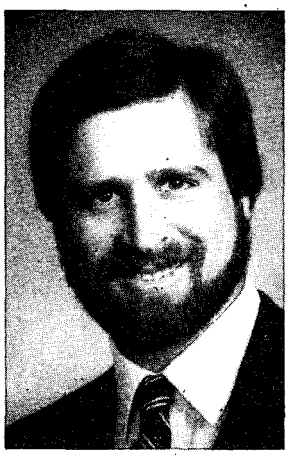
Houston confounds the zoning experts' wisdom: commercial developments such as Park 10 (above) are built under stringent private deed restrictions, and a highway called Park Row (left) was privately planned and financed to relieve traffic on the jammed Katy Freeway (foreground).

Photograph courtesy of the West Houston Association

Yet 20th-century commercialism breeds something more when mated with 18th-century political economy: state-of-the-art *social* planning. At once one of the most progressive and most conservative experiments in the land, Houston is leading the world in private land-use planning. The laboratory for this societal test-tube baby is the tranquil suburban office of the West Houston Association.

Charles Savino directs the association, a sort of chamber of commerce bent on "keeping track of Houston from a planning standpoint." "Community planning" without the government? "Our members believe that planning makes sense for the long run because in the final analysis, they believe it's going to make more money for them," says Savino. "But zoning is too restrictive, too subject to whim. If you look at the professional planners who have worked in this city—I can't speak for all of them, but I was a director of the Houston chapter of the American Planning Association—I would guess the over-

The Conversion of a Yankee Expert



Barry Kaplan, urban historian, came to the University of Houston in 1975 as an assistant professor, bright-eyed and academic-minded. Achieving expert status in the instantaneous fashion of those who say what reporters want to hear, Kaplan quickly found a knack for quotable commentary.

Visiting journalists were especially adoring. The *Chicago Tribune* found Kaplan titillating enough to lead off Paul Gapp's 1980 feature piece on Houston thus:

You are about to get a 60-second crash course on the pros and cons of living in a city that can only be hated or loved.

First, listen to Barry J. Kaplan, an urban historian at the University of Houston:

"This is a city where government is a joke, the problems of poverty are incredible, and cohesion and a sense of belonging are non-existent.

"It's a monument to all the values that ended everywhere else with the Depression. Herbert Hoover would have fit in well here.

"This town is incredibly materialistic. All it has to offer is jobs. The public school system stinks. We're raping our land, and when we get to be an old city there won't be anything left. Houston is going to hell in a handbasket."

While in Houston earlier this year, I ventured out to talk to Kaplan, to see if his quotables had changed.

Now 33 years old, Kaplan moved to Texas from New York City, where he grew up, at age 25. He came to Houston, he says, "with all the traditional baggage" of "every good student" of urban history: "Zoning was good, planning was excellent, academics should run the world (because we were dispassionate and above it all), businessmen were crass—the usual."

Today, Kaplan describes Houston as a "private city" that favors the "private system." "We have low taxes, a suspicion of government, and the old frontier mentality," he explains. "I'm not saying it's perfect—you can't have low taxes and expect to have an incredibly elaborate system of public services." (For this reason, Kaplan calls Houston "public-deficient.") But "to judge us only on our public sector," he contends, "is to miss the entire vitality of what makes this city work."

As a concrete example of that vitality, Kaplan details some specifics of his own life as a Houston resident: "I built this house in an area I picked, with a park over there, an area where there is no way someone is going to put a Taco Bell on this street. We have deed restrictions.

"This house was an incredible buy. I couldn't afford anything like it any place else in the country. My wife flew for Braniff for 14 years. She's now retraining at the University of Houston to be an accountant, because of the job opportunities in this city.

"We drop our little boy off at a day-care center—we have three at the entrance to this subdivision. Why are they here? Because this is a very young area. *Private* service is excellent."

Of one highly visible group providing private planning and development services—the West Houston Association—Kaplan says: "When we talk about planning we always assume that the public sector is going to do it. How would Californians react if they were told that planning in Houston is done by private developers in cooperation with the public sector?" Houston's developers "are paying for roads, for public improvements. Why?" asks Kaplan rhetorically. "Because they're nice guys? No. Only because they're going to improve the value of their land."

Kaplan has come to appreciate the flexibility that private planning allows: "Houston has pioneered the multiple-land-use concept, where you have shopping facilities, office complexes, retail, wholesale—all in the same area. You can't do that with zoning. Articles claiming zoning is coming to Houston demonstrate a lack of knowledge about the city. If zoning were to come to a referendum today, I'd vote against it."

It is the issue of zoning that Kaplan offers up as the "best example" of his intellectual "metamorphosis." "People asked me," Kaplan recalls, " 'Why don't we have zoning? You're the expert.' I didn't know. I did a study to see. I came in saying zoning is good. I came out saying I don't think zoning would fit this city. I've changed."

Indeed. "I've become a Houstonian," Kaplan now declares. "I'm proud of this city. I'm aware of its deficiencies. But like anybody else, I don't like a person coming down here just to do a knock job. If you come down to write about this city, say it like it is: this is a growing city, a positive city. We have our problems. But if I had a chance to move back to New York City, I wouldn't—you'd have to be crazy."

whelming majority would be against zoning."

The association oversees planning and development activities in an area exceeding 100,000 acres, an area whose population has soared from 50,000 in 1972 to 200,000 in 1982. Its list of members reads like a high-class club of movers and shakers. Of about 100 backers, 60 are developers, with the remaining firms mostly banks or planning/ engineering firms. The banks are especially fond of Savino and his association—they are the boys who keep the banks' turf protected (and their 30-year mortgages solvent).

"Planning in Houston is different, because it's planning that makes business sense," says Savino. "Look at all the big developments here, such as West Chase, a 1,000-acre master-plan development, or Park Ten, a 550-acre master-plan development, or West Lake Park [all office-building complexes]. They will impose such stringent deed restrictions that typically will go far beyond what any kind of public planning agency would impose—sign control, setbacks, landscaping, height limitations, floor-area ratios—very, very severe restrictions."

When I talked to him, Savino was musing over a local bank that was fuming about not being able to erect a big, fat sign over the premises—the development's owners said no. The economics of restrictions are clear. "They want to make sure that their development is attractive," explained Savino. "They don't want adult-book stores and tacky architecture and no landscaping and so much density that the traffic is too bad." In the jargon of the theorists, they're internalizing the externalities.

But West Houston Association members go far beyond planning single, large developments. As a group, the association plans for an entire community. An example is Park Row, that privately planned and financed highway on Houston's west side. After the association had calculated that an additional four lanes would improve the west side's traffic flow, it decided that the best place for such a structure was paralleling the jammed Katy Freeway (Interstate 10).

When Park Row is completed in 1985, 10 of its 12 miles will have been privately financed, with the county government kicking in the remaining two miles of roadway on privately donated land. (About eight miles of it have been laid so far.) Essentially, the West Houston Association persuaded landowners with properties adjacent to the proposed road to finance the portion of the highway fronting their property. The association acted as a conduit among landowners to coordinate the line. The investment is a good deal for the propertied interests: improved traffic flow outside adds up to increased business traffic inside, thus pushing up rents and capital values.

Obviously, these guys in Houston never went to graduate school to study these kinds of solutions, because then they'd know what the experts know: they're not supposed to happen. You can't build a privately financed roadway because of the dreaded "free rider" problem.

The free-rider problem goes like this: even if it is in the broad self-interest of *all* parties collectively to fund an enterprise—building a roadway, say—it still is not in the narrow self-interest of any *one* property owner to ante up, because the new highway is a nonexcludable, public good—once built, it serves all comers equally, even those who do not pay.

The idea of a tax, government boosters will tell you, is to force everyone to pay his "fair share" and eliminate the profit of those who benefit but don't pay. (Of course, what is not mentioned is that this solution also forces payment from those who do *not benefit*—those who would choose not to accept the trade-off at its full cost. Now *these* paying nonbeneficiaries end up the butt of the solution. We have merely substituted one class of victims for another.)

But the West Houston Association never took a Ph.D. in economic theory, so they built the road. And this is not unique. In fact, the members of the West Houston Association—and those of its half-dozen clones now popping up all over the city—make a fat living (and a fatter contribution to society) doing all manner of the theoretically impossible.

When one of the city's largest developers, Gerald Hines, started to plan Westlake Park, a commercial complex sprouting three multistoried office boxes on 58 acres, nearby residents became upset as word of the development spread. But, in a city without zoning, what's a poor city planner to do? In Houston, city planners and residents alike go right up to the developer and tell him how to solve problems. The traffic snarls the neighbors feared were a source of concern to the developer, as well: his sales and rents would reflect the relative inconvenience of a poorly situated office complex. So, to make his development accessible from the major nearby thoroughfares, Hines, in consultation with the West Houston Association, built two new roads: Westlake Blvd., a four-lane road connecting the Memorial Parkway to the Katy Freeway (about one-third mile) and Grisby Road, a four-laner linking Highway 6 to Westlake Park (about one-half mile).

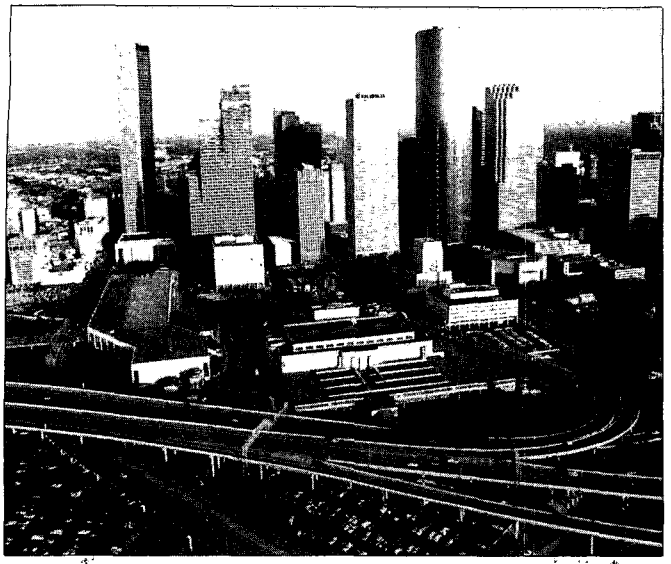
Traffic, when the complex is complete, will be no worse for $150 million in added economic value and 4,000 to 5,000 new jobs (not to mention the generous windfalls to nearby homeowners who must suffer through significantly higher home values when all those office-building execs begin scouring local streets in search of bedrooms next to their desks).

The West Houston Association has encountered free riders, like the one businessman who held out on a repaving and widening project on a 2½-mile stretch of the popular Memorial Drive. The association proposed that owners of land contiguous to the road pay for the project on the basis of square footage, but two held out. One was converted through moral suasion. The other hold-out's contribution was chipped in by an adjacent property owner whose business wanted the local road improved. The money was raised in 1981, the work contracted to the county, and, for a cost of about $1.2 million, is just now being completed. (Savino claims there is little ostracism of the lone nonpayer—his business is thought to be in great financial difficulty, and "people feel sorry for him.")

For Savino's money, the most exciting aspect of the West Houston Association is the innovative nature of its solutions to problems. The traditional zoning approach is to snuff out the problem's *symptoms* by simply foreclosing economic growth—and opportunity. "Under zoning, the plans are arbitrary," Savino comments. "What's the difference between C-3 and C-4 [two of the many zoning categories]?" Government planners "are really trying to control the impact of development on the surrounding community," says Savino. "But they do it by controlling the use.

"It's always been my approach that, if you could set some sort of criteria for the way a development *performed*, there would be no reason to control use. An impact could be anything from traffic, noise, dust, air pollution, or aesthetics to the burden on sewage, water, flood-control, and school facilities. So I ask a planner, 'What about an 80-story building in the middle of a residential neighborhood?' He says, 'That's horrible!' And I say, 'Well, wait a minute. What if there were no traffic coming in and out of it? Suppose there were a subway into the building so there was no added traffic in the neighborhood?' That's kind of a ridiculous example, but if it's *traffic* you're worried about, then *traffic* ought to be the thing you control—not the type of development or the height of the building."

In fact, says Savino, the literature of the zoning profession now "abounds with ideas on performance zoning." So why



Skyline of a booming city: Houston is creating nearly 90,000 new jobs and 60,000 new housing units every year.

haven't government planners changed their ways? "Because it's a very difficult thing to do. Zoning is a cop-out. *We* say, 'Look, Mr. Big Developer, if you want to build something here, why don't you build another thoroughfare to help move those people in?"

So who's complaining? Houston's got jobs—86,800 new ones every year. Houston has home building—about 60,000 new units every year. Houston's got a robust middle-class lifestyle at a price even the middle-class can *afford.* And Houston's got a private sector that plans and improves and repaves and lays out.

Yet all is not happy in nonzoningland. There is a grumbling in Houston. It is the steam of bumper-to-bumper anxieties brought to a boil on Houston's crowded thoroughfares in the sweltering summer Gulf Stream air. In recent polls, about two-thirds of Houstonians say they favor zoning (although polls showed the same presumption for controls before the last two referenda, as well). The undisputed reason is *traffic.*

Kay Crooker, a homeowner activist who is a sort of closet zoning advocate, represents a wealthy neighborhood association. Ask Crooker about zoning, and she'll tell you about traffic: "My neighbors in this area have suffered from the onslaught of commercial development, and the street work is always done *after* the building. There is a lack of planning as far as traffic is concerned."

A Texas transportation agency rates five of Houston's expressways among the six most heavily traveled in the nation, and many claim that Houston's *surface* streets are even worse. The Chamber of Commerce, concerned about traffic snafus, was pushing a "regional mobility plan" calling for a sales-tax-financed mass-transit rail system, which the voters bounced in June 1983 (see Trends, Sept.). The use of helicopters by time-valuing executives to sail through the less-crowded sky lanes has been highly publicized. And reference to "Texas-size traffic jams" now comes close to displacing "according to an undisclosed source" as southwestern journalists' favorite cliche.

There is fact lurking behind Houston's legendary traffic—but also some puff. Random personal observation: immersed in morning and afternoon drive times downtown and around, I found that Monday morning rush was dissipated by 9:15 A.M., evening drive was light by 5:30 P.M., and no traffic approached the oppression of that in my hometown Los Angeles. Moreover, for all its "sprawlingness," Houston's congestion is contained pretty much within the "610 Loop"—a 6½-mile radius from downtown. In Los Angeles, by contrast, rush-hour motorists can enjoy the thrills of thy neighbor's bumper 50 miles from City Hall.

Nonetheless, Houston's freeway system does stink. The fourth-largest city in America has only about the same limited-access-roadway mileage as San Antonio, a city half the size. Dallas–Fort Worth, with a population equal to the Houston metropolitan area (just under 3 million) and an identical land mass (2,400 square miles), has nearly twice the expressway mileage (445 to Houston's 230). Houston's unexpected explosive growth in the '60s and '70s (population up 71 percent from 1960 to 1980) explains much of the lag in the city's infrastructure development. But politics in Austin—the state capital—explains the rest. "You'll find a beautiful six-lane rural highway going nowhere to nowhere," says Savino of the lovely Texas plains. Country folks, of course, dominate the legislature.

So the 62 percent of Houston residents who now say they would vote for zoning in the abstract gripe about traffic congestion on the concrete. City council member Eleanor Tinsley, who sponsored the 1982 setback ordinance, is aware of the formidable success of nonzoning in promoting the city's growth. Yet when asked about any problems created by Houston's lack of zoning, she instantly lashes into the city's traffic jams. But, asks this observer from the heavily zoned freeway parking lots of Southern California, where is the correlation?

"When you don't have zoning," explains Jerry Wood, the mayor's planning aide, "all the problems you do have are blamed on *not* having zoning." Wood recalls one civic dispute where the city was contemplating running a dead-end street through to a major thoroughfare. "Residents were afraid of increased traffic," he says. "In the controversy, one resident pointed out that if Houston had zoning we wouldn't have this problem. But the decision was one of where to put city streets and didn't have anything to do with zoning."

Successful expansion in the housing and job markets has severely challenged Houston's transportation market, and here nonzoning may be an indictable accomplice. "I guess growth creates chaos," offers city planner Kerry Gilbert. "And a significant factor in our growth is our lack of zoning. Growth creates problems. It burdens the infrastructure and traffic. But those are the good kinds of problems to have. It's better than having zero economic growth and unemployment."

Moreover, given Houston's overactive-glandular growth, the city's lack of zoning has helped to *alleviate* traffic. "Builders and developers can react to changes in conditions in our city virtually overnight," notes Gilbert. The traffic problem grabbed the city only in the mid-'70s. Early in the decade, travel times were very swift relative to other major cities. The congestion problems descended very quickly, which is one reason why Houstonians are apt to grumble about them (sizzling summer weather is another). But the construction-market flexibility under zoning has made a bad situation manageable. "The thing that sets Houston apart from other cities is the number of office centers away from downtown," says Gilbert.

"Multinucleic" is what urbanologists call this dispersion of business centers—and Houston is multinucleating like mad. Already, one suburban area known as Post Oaks–Galleria contains more office space than the entire city of San Antonio. Currently being erected there is a 65-story skyscraper—the Transco Tower—reputedly the world's largest building not located in a downtown area. Conoco is constructing a behemoth office building (1.2 million square feet) for 4,000 workers

out in West Houston. And within a 15-minute drive, there are residential neighborhoods offering single-family detached homes in every price range from $40,000 to $500,000. "Houston is solving its traffic problems—we're not waiting for the government to solve the problem," claims builder Mike Marix. "We're building satellite employment centers where employees live and don't have to drive to work."

Ironically, the typical zoning plan of the 1960s and '70s would have harshly segregated land uses, splitting downtown business districts from suburban residential neighborhoods. The result, a "sprawling" layout, aggravates traffic congestion and negates the time and energy efficiencies created by an "unplanned" land market. Popular impressions aside, zoning is not a solution to but a cause of metropolitan traffic problems.

Yet, for those who seek to dismiss the glaring success story called Houston—as the media, by and large, have done—the problems of urban growth such as traffic offer a handy, if fundamentally irrelevant, target. In writing up a story on Houston, a journalist may choose to discuss the (public-sector) difficulties or its (private-sector) opportunities, or both. By focusing almost exclusively on the former, writers who trash Houston expose themselves: they identify with the copings of bureaucrats and the disappointments of the elite.

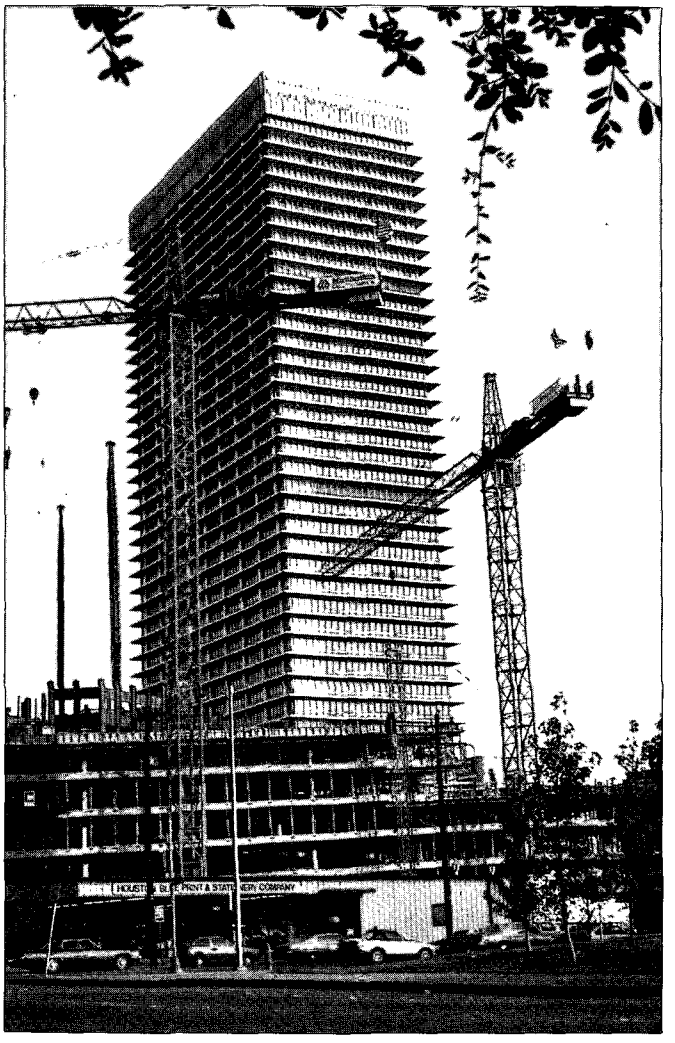
For instance, it seems like every Northerner's commentary on this city must include the information that Houston is gauche to the max. In a major feature on Houston for the *Chicago Tribune* in 1980, Pulitzer Prize–winner Paul Gapp concluded that "this is a city that seems to be stuck with a mindset of municipal adolescence." On the way to this conclusion, we are treated to the news that Houston "still engages in such gaucheries as giving standing ovations to mediocre concert performances." And there's the inevitable comparison with "real class": "In New York, for example, a five-star restaurant might quietly supply you with a $1,200 bottle of Chateau Lafite Rothschild, but only if you request it of the sommelier. In Houston, such a wine is more likely to be on display in a spotlighted glass case."

This reveals much more than simple pettiness and much less than simple good reporting. It reveals a preoccupation with the welfare of "adolescent" Houston's elite, the only class of individual (other than the public-sector bureaucrat) that rates much attention. But the plain fact is, public employees and rich people aren't the ones flocking to Houston: the former aren't wanted, and the latter generally resent having to put up with the nuisance of so much upward mobility.

"A large percentage of Houston's population, black and white," notes urban historian Barry Kaplan of the University of Houston, "has moved to the city in the expectation of improving their economic condition. As a city built by entrepreneurs, the culture and the values of the city support the concept of unlimited economic opportunity provided by the business community."

Conversely, the affluent tilt of zoning boards and public planners has long been noted. In his 1973 book, *Opening Up the Suburbs*, Brookings Institution housing specialist Anthony Downs detailed the great extent to which vacant residential land is zoned for lots of one- or two-acre minimum size. Moreover, Downs reported that much undeveloped suburban land is zoned only for single-family dwellings, rather than for apartments or condominiums.

Such regulations severely limit the housing supply and raise prices. And to what end? "All minimum size requirements,"



In nonzoned Houston, rezoning wasn't available to the developers of Houston's downtown Allen Center (above); instead, they had to buy the residents' homes at prices that looked good to the sellers.

Downs observed, "are based almost entirely upon cultural and even political considerations, not upon health or safety requirements." Noting that "all legal minimum housing standards are direct interferences with free markets," Downs concluded that they "interfere with the rights of low- and moderate-income households both to choose freely where to live and to have reasonable access to job opportunities in the most dynamic portion of the economy."

In the '60s, in fact, it was common parlance for black militants to refer to suburban communities' "racist zoning" practices. Is it any wonder that in Houston's 1962 referendum on zoning, 75 percent of black voters rejected the idea, or that the measure's only solid support came from the wealthy southwest Houston precincts? "There is no doubt," writes former Houston planning director Jones, "that the accessibility to all types of housing throughout the community by low-income and minority groups has been facilitated by the city's lack of zoning."

Of those who characterized last year's setback ordinance as a step forward on public zoning, Jones calmly states, "I think that's a misinterpretation entirely of the situation in Houston. In no way does the ordinance regulate the use of property. It certainly cannot be interpreted as a move towards zoning." But last year's stream of reports concerning Houston's setback ordinance has fossilized into received wisdom. "In her first year in office," *Newsweek* reported in August 1983,

Houston mayor Kathy Whitmire "imposed order on the city's unruly development."

Thus, tens of millions of "news" readers have been treated to the revelation that Houstonians are lined up (amidst heavy traffic congestion) to dump their antiquated 19th-century experiment with zero government. (Bernard Siegan, whose 1972 analysis of Houston, *Land Use Without Zoning*, is the classic academic treatment of the subject, reports receiving "I told you so's" from zoning proponents across the country.) It isn't Houstonians who are interested in zoning for Houston. It is reporters from elsewhere who are interested in zoning for Houston.

The *real* story about zoning concerns the people who must live under zoning, without the protection of the critical eye of journalists and beyond the classroom outlines for "rational urban planning," "traffic control," and "community integrity." These are what zoning proponents hold out to the citizens of a city in the abstract. In the flesh, they give them only the zoning board. One man who has thought a lot about what happens in reality to folks under those zoning boards is the well-known Houston architect Howard Barnstone, designer of the Rothco Chapel and other famous buildings.

"For me it's not a political issue," says the former Connecticut Yankee of the zoning controversy. "My feelings against zoning have nothing to do with rightist politics or any kind of conservative political feeling regarding the rights of cities or counties to govern. I feel that zoning is an inequitable device used to cheat poor people out of their homes or small businesses."

By contrast, Barnstone describes the experience of residents displaced by a Houston downtown development called Allen Center 1, 2, 3, 4. "These are four huge, new buildings ranging up to 50 stories tall, which sit on land that just 15 years ago was covered with little white clapboard houses in which black people lived. It was a little business and residential neighborhood called Fourth Ward."

"In a zoned society," recounts Barnstone in a dramatic, soft-spoken directness that is stunning, "that land would have been gathered by a Zeckendorf [a developer] who would have used state and federal statutes to get condemnation rights, and *take* them. What's a little cottage that sits on a 30-by-100-foot lot worth to a condemnation court—$5,000?" But residents in the unzoned Fourth Ward made many multiples of that, according to Barnstone.

In a zoned city, the Allen Center developer would have begun his project with an eight-course French dinner and a midnight cruise with a council member. In Houston, the Allen Center people began by *buying* up houses at prices that looked good to the sellers. "There were certainly some [white speculators] who moved in, and some [residents] did sell out too early," recalls Barnstone, "but the word got around pretty quick that their property was hot and, in the end, their land was selling for appreciable amounts of money."

Some of the poor landowners, Barnstone might have mentioned, decided *not* to sell—and so they stayed. The Antioch Baptist Church, the long-time home of the Fourth Ward's black congregation, today sits as a next-door neighbor to the Allen Center high-rises. The elders refused a sizeable offer to make way for "progress" and thereby purchased their own piece of the past.

The zoning story is a familiar one to Barnstone, who places great value on the morality of the issue. He points, with horror, to the flip side of nonzoning: a recent Miami Beach development that "fizzled after nine years, after they gave a private developer the right of eminent domain to destroy all the old hotels that had been developed by poor Jewish people from New York City—small, little hotels down on the south tip of Miami Beach. The plan was to build a 2,000-room hotel, 40 stories tall, and two 500-room hotels and a convention center and all that, and just destroy this retirement matrix for very poor people—first-generation immigrants many of them, and many, also, who had run away from Hitler. And here they were being 'master planned' again—in fact, that's the term they used: 'master development.' That didn't go down so well." Against the "need" for orderly growth, for government planning, Barnstone concludes: "Putting out vast numbers of people for private developers' convenience is so vicious it borders on the criminal."

The classic redevelopment scheme in nonzoned Houston is the famous Greenway Plaza. Developer Ken Schnitzer, Barnstone recalls, had to lure people out of their homes, on the site he wanted, "with cash—there was no government to take people's homes." Schnitzer offered each of the owners of 271 modest three-bedroom, two-bathroom homes—with a market value of about $18,000 apiece—a deal worth more than $40,000. Homeowners adjacent to the site petitioned Schnitzer to extend the development to include their properties, as well.

"I see no reason why Schnitzer should not have paid the going rate as he did," Barnstone says. "He's built an enormous success of that thing without government extending its arm of eminent domain. And why shouldn't the person whose house he happened to have wanted, get the supply-and-demand rate? Nobody thinks there's anything wrong with Rockefeller getting it. It's just that there's something wrong with poor people getting it."

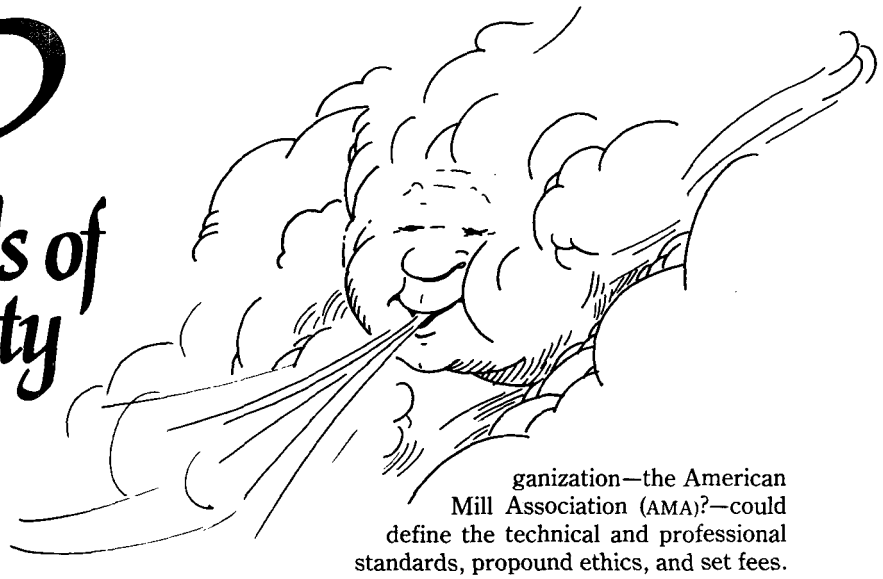
Not in Houston. This massive megalopolis, plopped onto a dreary, barren, flat flood plain and pitted against the steamy shroud of the oppressive Gulf summer, flexes its "unbridled" muscles in daily defiance of pop wisdom: it works, it builds, it grows. While joblessness haunts the land and yet another congressional pork barrel—this year's "jobs bill"—extracts $4.6 billion from taxpayers for the illusion of 300,000 make-believe jobs, *one city* creates nearly 90,000 real ones every year. While millions of young families find themselves wallflowers in the dance of the American Dream, Houston is building three-bedroom suburban castles for under $50,000. While government planners in all the sophisticated places scurry from zoning-board meeting to commission hearing to advisory council to solve the problems springing from *last* year's planners, private-sector cooperation is constructing four-lane highways, downsizing homes (*and* mortgage payments), building parks, repaving roads, deed-restricting commercial developments and residential communities, revitalizing inner-city areas, and invigorating grass-roots neighborhood associations.

Does it work? A thousand new faces show up in Houston betting their Bekins money it does—every week.

The verdict on Houston is rendered by the station-wagon train arriving from New York, Cleveland, Detroit... Americans have voted with their radials their preference for "untrammeled growth." This is the long line of American pioneers that out-of-town reporters must cut in on when they come to file their dispatches on the nonzoned carnage. Houston is capitalist America's forward-most urban frontier. And this just may be its greatest burden, after all. ◧

Thomas Hazlett teaches economics at California State University at Fullerton. His writing has appeared in the New York Times, *the* Wall Street Journal, Reader's Digest, *and other publications. This article is a project of the Reason Foundation Investigative Journalism Fund.*

Winds of Opportunity



BY MAX KOENIG

College students are perplexed these days about selecting a career field that has secure financial possibilities in our changing technological society. No doubt they have failed to peruse trial-balloon documents from government agencies. If you want to find a "growth industry," one sure way is to check out what the bureaucrats are up to.

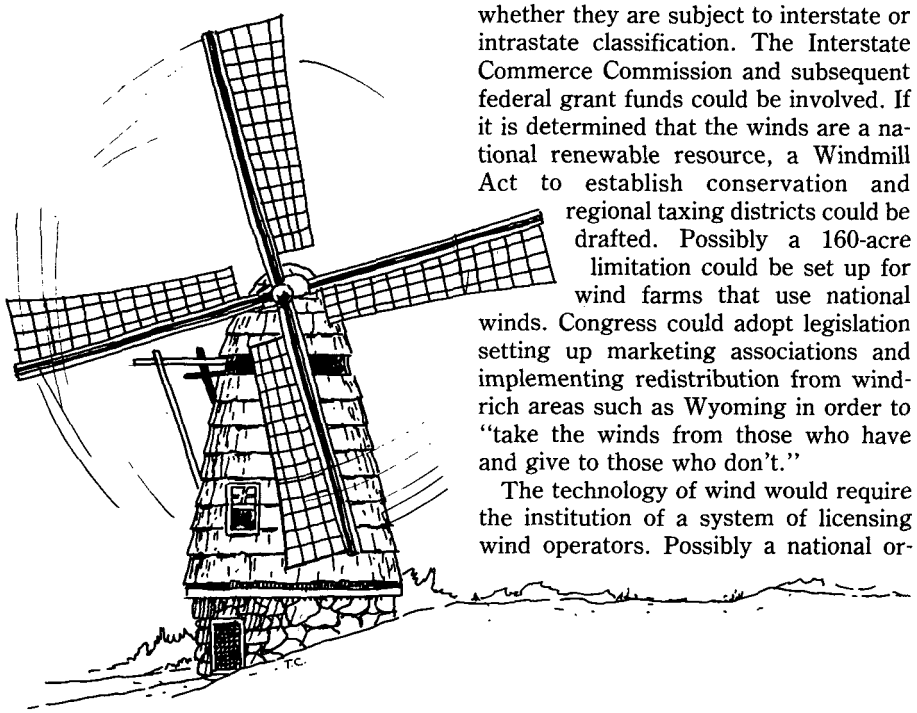
Take, for instance, a recent announcement sent to local government agencies by an arm of the California Energy Commission, the Office of Appropriate Technology (OAT). An astute reading of the announcement reveals the tremendous potential in studying, evaluating, and regulating "wind development."

In a letter addressed to "Dear Colleague," the OAT states matter-of-factly: "As more Californians are becoming interested in generating electricity using wind conversion systems, local governments will have to assume new responsibilities to establish a permit process that allows for safe and efficient wind development." This simple, seemingly innocuous statement crosses the threshold of a new energy frontier and promises an unlimited field of exploration for future government control and revenue.

The OAT has, of course, developed a "model ordinance" to be used "as a menu of issues from which the local agency can pick or choose." The state's role, says the agency condescendingly, is to act as an advocate for efficient wind development while providing local government with information on how "to protect the health and safety of their citizens."

This bold, innovative approach to a new field of government concern is pregnant with intriguing possibilities. Don Quixote was right—the windmill is a symbol of awesome power! How will government protect us from the evils of wind? The government's track record suggests the answer.

First, various consultants and study groups will be hired to determine "whither blowest the winds" and whether they are subject to interstate or intrastate classification. The Interstate Commerce Commission and subsequent federal grant funds could be involved. If it is determined that the winds are a national renewable resource, a Windmill Act to establish conservation and regional taxing districts could be drafted. Possibly a 160-acre limitation could be set up for wind farms that use national winds. Congress could adopt legislation setting up marketing associations and implementing redistribution from wind-rich areas such as Wyoming in order to "take the winds from those who have and give to those who don't."



The technology of wind would require the institution of a system of licensing wind operators. Possibly a national organization—the American Mill Association (AMA)?—could define the technical and professional standards, propound ethics, and set fees.

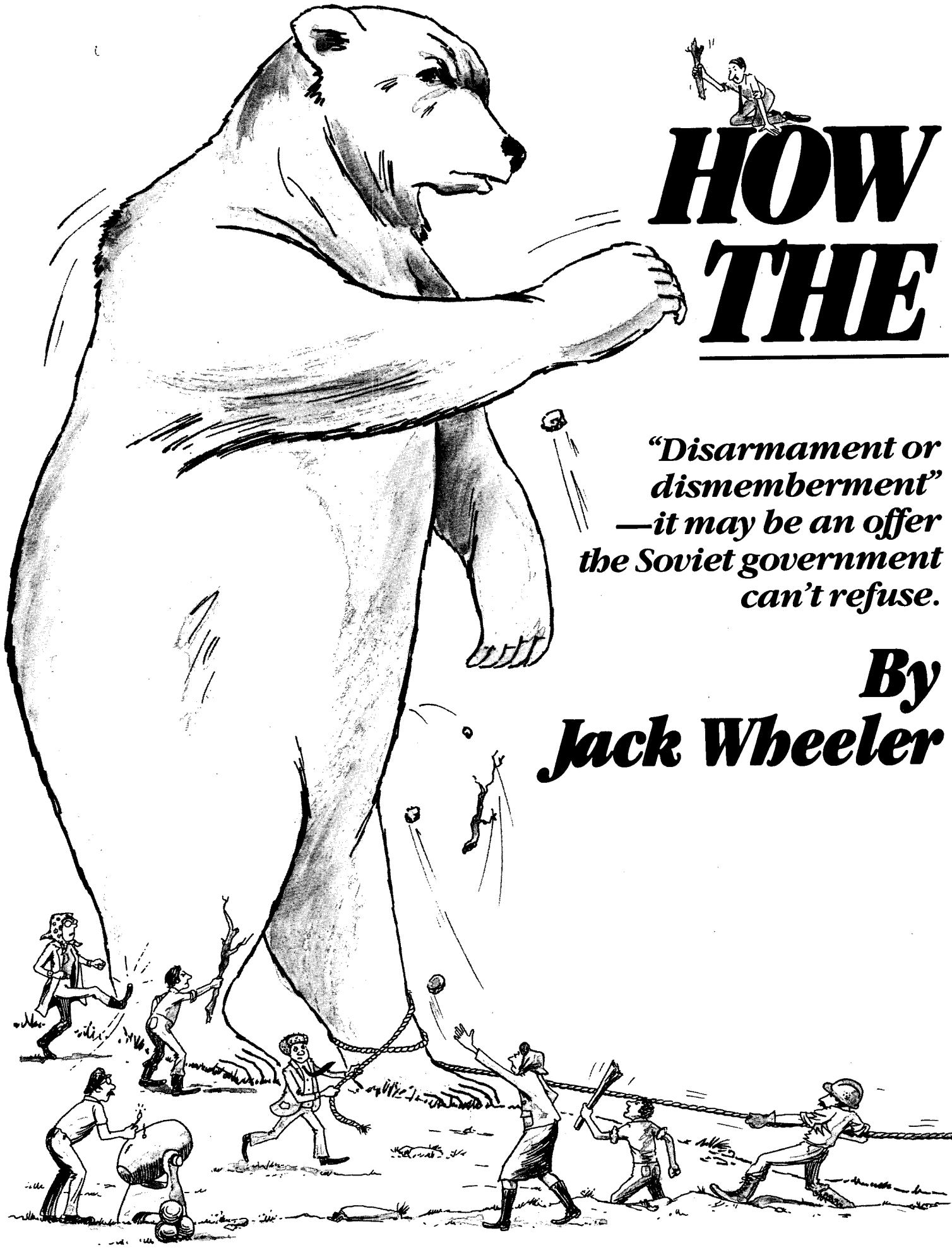
The wind field would no doubt generate a profusion of endowment and foundation funds for policy studies. Questions in search of answers include: Should propeller airplanes be subject to windmill regulations? Is wind energy or solar energy a more appropriate technology? Should vagrant winds be charged with a felony or misdemeanor? Can import taxes be levied on trade winds? The lush field of potential study and job opportunities boggles the mind.

And, as with most new technologies, vast research opportunities open up for the Ph.D.s (prophets of doom). Do the many, whirling vanes contribute pollution to the down-wind flow? How much wind energy does a kite consume? Will the revolving arms of the windmills cut the very-high-frequency television waves into small fragments as they pass through, destroying TV as we know it? Will the establishment of many windmills in a given area cause a cumulative "gyroscope" effect and tilt the axis of the earth? Would the profusion of national windmills facing in one direction, by virtue of their accumulated resistance, in effect slow down the rotation of the earth and cause a catastrophic greenhouse effect? How do we keep the selfish, multinational industries from developing a 30,000-foot-high wind generator and tapping the rich jet streams?

The potential solutions and the potential problems provide a fertile field for bureaucrats. It could be the greatest stimulant for government growth since the income tax!

So if you want to know where the bureaucrats of tomorrow are going to be entrenched, check out where the bureaucrats of today are extending their feelers. They can be counted on to have their eyes on some heretofore untapped revenue mine. ◧

Max Koenig is the editor of a small newspaper in northern California.



HOW THE

"Disarmament or dismemberment" —it may be an offer the Soviet government can't refuse.

By Jack Wheeler

Illustration by Tom Cardamone

TO DISMANTLE SOVIET EMPIRE

My crampons dug into the ice as Nick belayed me up the summit ridge of Mount Elbrus. If I slipped, and Nick failed to arrest me, I would fall into a cluster of large rocks bulging out of the glacier a thousand feet below. As I carefully made my way up to him, over 18,000 feet in the sky, it never occurred to me that my life was connected to and dependent upon a Russian. The man above me, whom I was counting on to save my life if need be, was Nikolai Chernyi—a Soviet Communist, whose government is the sworn enemy of my country and has countless megatons of nuclear bombs aimed at my home. But in that moment, he was simply Nick, a fellow mountaineer whom I trusted on the mountain without reservation, as he did me.

When we reached the summit and stood on the very pinnacle of Europe (Elbrus, which lies in the Caucasus Mountains between the Black Sea and the Caspian Sea, is the highest peak in Europe), we did so as fellow human beings experiencing a bond of spiritual exultation that only a shared victory in the sky can bring. The thought that we were, or should be, enemies would have been absurd.

Some days later, I found myself in a disco bar late at night on the 22nd story of a new Moscow hotel. It was filled wall-to-wall with Muscovite teeny-boppers boozing and boogying to the throbbing beat of Western rock 'n' roll.

I was dancing and talking with a young girl named Tanya, who bubbled over with youthful energy, gaiety, and innocence. As I talked with her and her friends—they all spoke some English—I was once again struck by the fact that despite their almost total isolation from the outside world and the government's continuous barrage of hate-filled propaganda against America, most Soviet citizens not only do not hate Americans but are fascinated to meet one.

"You are really from America?" they asked excitedly.

"I sure am," I happily replied.

"Are you a socialist or a capitalist?" Tanya wanted to know.

A grin spread across my face as I looked right at her to announce proudly: "I am a capitalist!"

"*You are? Really?*" was the wide-eyed, shocked, incredulous response. I had actually admitted it in public.

"And what, Tanya, do you think you and your friends are by being here?"

They all looked at me with puzzlement. "What do you mean?" she asked intently.

"Tanya, I know this is all new to you, just since the last Olympics, but here you are drinking English gin and bopping around to Pink Floyd and Blondie. How decadent and bourgeois can you get? Where do you think all this *came* from?"

The multicolored disco lights started to flash, and the music began to blast through the room again, so we all got up to boogie some more. As I watched the young gyrating bodies around me, I knew there was little difference between these kids and those in the West. It was impossible, a bad joke, to look on them as enemies.

At various times in its history, America has been at war with the English, the Spanish, the Germans, the Italians, the Mexicans, and the Japanese. All are today our friends. There is nothing in the nature of things that makes it impossible for such a turnaround to occur someday with the Russians, as well.

There is only one basic requirement for this to happen. If the Soviets want peaceful coexistence, detente, disarmament, it is really very easy—all they have to do is stop trying to rule the world.

With his clenched fist raised in fury toward America, Nikita Khrushchev thundered the famous threat, "We will bury you!" And from Lenin to Andropov, the Soviet Union has unwaveringly proclaimed its aim of overthrowing political democracy wherever it may be. Khrushchev's words were those of Lenin and Stalin, and today their threat remains a firm goal of every member of the Soviet Central Committee, for whom Tanya's father works. Like it or not, against its will, America is engaged in a life-or-death struggle with the Soviet Union. The vast majority of the *people* of the Soviet Union may not be deadly enemies of our country, but the *government* of the Soviet Union *is*.

If a peaceable citizen is attacked by a thug in an alley, he is morally entitled to take whatever measures are necessary, including injuring or even killing the thug, to protect himself and his property. The right to self-defense in the face of aggression is an evident moral given for human beings individually—and collectively, as entire nations.

How to best defend ourselves against the Soviets' grand design is a question that has puzzled American administrations and citizens for decades. Answers to this question have by and large failed to observe a basic strategy of defense against any enemy: discover his weakness.

RUSSIA

Since the founding of the Grand Duchy of Muscovy in 1462, the Russian state has on the average increased its territory by the size of Denmark every single year, or by the size of the entire country of Italy every seven years. Today, the Soviet Union contains over 100 separate ethnic groups and cultures. Since 1917 it has swallowed several entire nations, bit off large chunks of others, and violently subjugated into colonies 8 of the 13 countries on its border, as well as numerous others around the world.

Within the past decade, the Kremlin has added more than a dozen other nations to its sphere of influence. What was once French Indochina should now be considered Soviet Indochina—Laos, Kampuchea (Cambodia), and Vietnam. The USSR and its clients are now in control in Angola, Mozambique, Ethiopia, South Yemen, Benin, the Congo Republic, Grenada, and Nicaragua. The latest addition is Suriname. The genocide and chemical warfare being conducted in Afghanistan is only a dramatic variant of the ubiquitous hunger, bloodshed, and brutal dictatorship that always accompany Soviet colonization.

In the turmoil of the Bolshevik counterrevolution (which fascistically overthrew the *real* revolution of Kerensky, who had replaced the Czar's autocracy with a parliamentary democracy), enormous portions of the Russian empire declared themselves independent of Great Russian rule. In 1920, Finland, Latvia, Estonia, Lithuania, Belorussia, the Ukraine, Georgia, and Azerbaijan were all independent sovereign nations. All were subsequently conquered by Soviet military force, their borders subsumed within the borders of the USSR. Only Finland managed finally to escape.

When Hitler's troops marched victoriously into Kiev, the capital of the Ukraine, in September 1941, the Ukrainian people welcomed them as liberators, deluging them with flowers. Millions of people in the Soviet Union joined the Nazis to fight against Stalin. It was only after Hitler began butchering and enslaving them as much as did Stalin that the latter was able to appeal to patriotism and launch a counteroffensive.

The history of Russia and the Soviet Union is filled with the Great Russians' subjugation of other peoples and cultures—the Little Russians, or Ukrainians; the White Russians, or Belorussians; the Georgians, Balts, Moravians, Poles, Ruthenians, Slovaks, Bessarabians, Crimea Tatars, Volga Germans, Tadzhiks, Turkmen, Armenians, Mongols, Azerbaijani, Uzbeks, Kazakhs, Kirghiz, and Afghans. The Kremlin has been occupied since 1917 by men obsessed with missionary Marxism and imbued with the ancient Great Russian desire for empire.

Because of this virulent synergy of missionary Marxism providing a religion-like justification for Great Russian imperialism, the principal purpose of the Soviet economy is the manufacture of weapons. It is correctly noted that while the United States *has* a military-industrial complex, the Soviet Union *is* one. Engaging in the most massive military build-up in history, the Soviets have achieved strategic superiority over the United States. The Soviet Navy is now acknowledged to be our equal in many areas, and a vast outpouring of tanks and conventional arms from Soviet munitions factories continues unabated.

Wherever in the world—particularly now in our very backyard in Central America—there is a chance to destabilize America and the West using terrorists, guerrilla war, subversion, propaganda, or whatever, the Soviets are there with guns and money. Moreover, the United States faces nuclear extinction at the hands of a state that has issued apocalyptic threats.

It is thus with good reason that the Reagan administration wishes the United States to take action. Its solution, however, is that the government vastly increase US military spending. This is quite curious, because "conservatives" constantly condemn "liberals" for always wanting to solve social problems by the government throwing billions of tax dollars at them.

What neither the conservatives nor the liberals see is that the Soviet Union is in reality utterly weak and vulnerable. It is this failure that, ironically, assures the Soviets a continued existence. Once the world recognizes the powerlessness of the Soviet Union—that the emperor has no clothes—the Soviets are through, the game is up.

Everyone knows of the outer colonies of the Soviet empire—the "satellites" of eastern Europe, Outer Mongolia, Cuba, etc. But it is less well recognized that the Soviet Union is itself a collection of *inner colonies*—the Ukraine; the Baltic countries of Latvia, Lithuania, and Estonia; the Transcaucasian countries of Georgia, Azerbaijan, and Armenia; and the Islamic-Turkic countries of central Asia. Soviet imperialism is practiced first and foremost on its own people within its own borders. And, like Humpty Dumpty in the children's rhyme, if the Soviet Union is ever broken up in any way, it can never be put back together again.

AND ITS INNER COLONIES

One of the most potent forces for political change in this century, especially since World War II, has been anti-imperialist nationalism. Accordingly, we should not seek to promote individual freedom in the Soviet Union so much as tribal freedom, that is, anti-Soviet, anti–Great Russian ethnic nationalism.

The best defense is a good offense. America and the West are under attack by the most dangerous imperialist power in history. It is about time Americans started doing to the Soviets precisely what they have been trying to do to us, employing a strategy of quid pro quo in subversion and propaganda. For the Kremlin is far more vulnerable to its own medicine than we are.

And the way to do it for real entails, interestingly enough, no massive arms race or increases in the defense budget. It means spending money with a great deal more effectiveness, such as on developing and supporting a number of national liberation movements within the Soviet Union itself.

The goal of such a strategy would be either to establish a genuine peace with the Soviet Union such as America enjoys with former enemies like Japan, West Germany, Spain, and England, or to render the Soviet Union incapable of being any sort of real threat to the United States, up to and including by dissolution of the USSR as a political entity.

The Kremlin must be driven to the conclusion that it cannot conduct a war with the West—nuclear or conventional—without a civil war breaking out among the USSR's inner colonies. The risk of war must be made so great for Moscow that this equation becomes inescapable: war with the West = dismemberment of the Soviet Union.

To achieve this, the US government must define a foreign policy whose goal is to secure from Moscow the realization that there is no exit from this equation: that the USSR's only alternative to political extinction as a nation-state is to abandon its strategy of global domination and its support of terrorist and subversive groups around the world, concentrating instead on developing the Soviet economy.

Such an alternative entails major, radical disarmament. The message to Moscow must be clear: *disarmament or dismemberment.*

When we look at a Mercator projection world map on which the globe's curved lines have been straightened out on a flat surface, the USSR appears as a vast, seamless, monochrome blob, dwarfing the rest of Europe and Asia. But this is an illusion. Africa, for example, which looks smaller than the USSR, is much bigger: the entire Soviet Union *plus* the entire continental United States could be fit into Africa with room to spare.

Moreover, private mapmakers should be encouraged and government cartographers should be mandated to depict the Soviet inner colonies in separate colors with each designated

"Soviet occupied." It is vital that the world change its perspective on the Soviet Union: it is not a monolithic, impregnable giant but a glued-together, imperialist empire that must some day come apart at its many seams.

The greatest potential weapon we have at our disposal against the Soviets is not the MIRVed ICBM, the Trident nuclear submarine, or even the incredible cruise missile. It is the CIA and a multitude of private, voluntary organizations. The most cost-effective move we could make in defense spending would be to shift the focus of CIA operations, giving this agency the directive to make trouble for the Soviet Union. At the same time, the government should make it clear that the neutrality laws will not be interpreted in such a way as to prevent private organizations from playing an active role in such activities.

A program to undermine the Soviet empire should not waste time on grandstand plays like assassinations and coups d'état. It should instead concentrate on taking tiny bites, causing small, irritating problems all over the place—worker unrest, ethnic unrest, complaints and moanings in three dozen places. In other words, make the Kremlin suffer, as the Mongols say, the death of a thousand cuts. Here are a few examples of what could be done.

Islamic Revival

There are over 47 million Moslems in the Soviet Union. While the elite of the Moslem clergy have been accorded power and privileges, the Moslem laity and the rank-and-file clergy have little freedom to practice their religion. In czarist Russia there were over 26,000 mosques; today there are only 200 in the entire USSR. With the resurgence of fire-breathing Islam throughout the Middle East, it should not be difficult to stimulate an Islamic revival among Soviet Moslems.

Such a revival would encourage the already-proliferating secret Moslem brotherhoods that have led recent large-scale anti-Soviet riots in Tashkent, Dushanbe, and Chimkent. It would spark a resurgence of the famed "Basmachi" guerrilla movement among the Kazakhs and Kirghiz in the '20s and '30s. It would help bring to Soviet Moslems the true story of Soviet genocide being perpetrated upon their fellow Moslems in Afghanistan. And it would spark demands for greater religious freedom, the construction of more mosques, and most especially the freedom to make a *hadj*, a pilgrimage to Mecca. (To make a *hadj* is one of the five "commandments" of Islam, but only the political hacks among the Moslem clergy in the USSR are allowed out of the country. A hue and cry should be raised throughout all of Soviet Central Asia demanding equal rights for Soviet Moslems.)

Ethnic Samizdat

A network of underground ethnic newsletters could be developed by teaching ethnic groups throughout the Soviet Union how to make pan-hectograph printing presses (see sidebar, page 37).

Sabotage and Harassment

Militant resistance groups could be organized in the European inner colonies—Latvia, Lithuania, Estonia, Belorussia, and the Ukraine. These would be similar to the French Resistance during World War II but updated for the '80s, trained to commit sophisticated acts of political sabotage against government and military facilities, records, and equipment. The publicly announced goal of these inner-colony national liberation movements would be outright national sovereignty and political independence à la Finland.

The Soviet Union, for example, is dependent for its functioning on computers, just as the West is. But Soviet computers are primitive compared to ours and are thus more vulnerable to sabotage.

America is home to many talented computer experts who are from Soviet-bloc countries and could be recruited to disrupt the functioning of Soviet computers. They could indulge, say, in "the entropy defense," adding extraneous, made-up data to important records. Adding millions of fake names to the government's lists of dissidents, workers under suspicion, and so on, would make such lists useless.

Scrambling citizens' identification numbers on computer files would generate awe-inspiring chaos in virtually every government agency. Computer "virus" programs could be introduced into a system; these eat and destroy other files in the entire system.

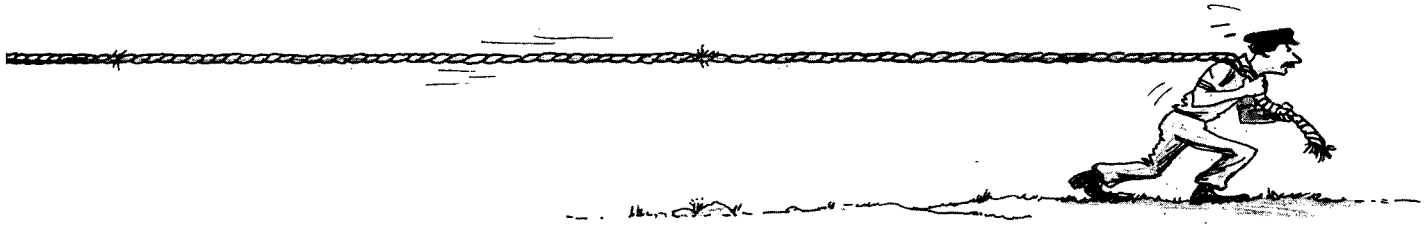
Military phone networks in the USSR are connected to the military computer systems and to the public phone system as well. An ingenious computer manipulator could figure out how to gain access via public phones to the military's own computers. Of course, the cooperation of inside informants and accomplices is necessary, but given this, the possibilities for the most delightfully catastrophic computer sabotage are endless.

Handbooks on harassment techniques should be prepared and distributed, describing how to squirt epoxy glue into door locks, make antigovernment stickers with adhesives that etch the message into glass and can't be removed, get government officials to think their phones are tapped by other officials, and make homemade napalm from soap suds, egg whites, and gasoline. All such techniques of sabotage and harassment should be directed to impairing the government's ability to intimidate and control, while avoiding endangering the lives of private citizens.

Unrest

Agents provocateurs could be used within all the inner colonies to foment worker, student, and ethnic unrest: complaints, demands, small strikes and demonstrations, in dozens of factories and universities. Workers would be encouraged to demand independent unions; students, less ideology and an end to compulsory courses on Marxism; ethnic groups, more autonomy and a return to their own cultural and legal traditions; and people everywhere, an end to the hated "internal passport," so they could travel throughout the country as they please.

This all must begin very slowly, sporadically, building up



over time. Outbursts in one area that may die down as soon as the government cracks down will break out all over again in another, then another, then another, so that reports such as this one from the *Los Angeles Times* in October 1981 begin to appear commonplace:

Dissident sources in Moscow reported the arrest of the leading nationalist figure in Soviet Georgia, Zviad Gamsakhurdia, after a human rights demonstration two weeks ago. Gamsakhurdia, 41, spent two years in prison in the 1970's on anti-Soviet slander charges. The latest demonstration reportedly took place Oct. 12 in a suburb of Tbilisi, the Georgian capital. A dissident source said about 200 people gathered to protest Soviet controls over the Georgian national language and literature.

Underground Economy

The black market, the "second economy" in the Soviet Union, is already so large that the value of exchanges there may very well equal or exceed the official gross national product. Every ruble siphoned off from the state is one ruble less that can be spent on armaments and one ruble more that contributes to the collapse of governmental control over the economy and people's private lives.

A program could be developed to finance and assist promising black marketeers and entrepreneurs in setting up clandestine consumer-goods factories and in moonlighting private services—on state time and using state materials, of course. Underground distilleries for *samogon* (moonshine) offer great possibilities. Sovietologist Murray Feshbach of Georgetown University reported in 1982 that urban Soviet families devote nearly the same proportion of their weekly budgets to alcohol as American families do to food.

Broadcasting Information

Since its inception, the Soviet government has maintained an information barrier around its citizenry, a monopoly on all forms of media reaching the average Soviet citizen. The only systematic and effective breach of this barrier is international radio: the Voice of America (VOA), Radio Free Europe-Radio Liberty, the British Broadcasting Corporation (BBC), Deutsche Welle, and RIAS (US-funded, from West to East Berlin).

This breach can and should be widened by the improvement of programs currently directed toward the major non-Russian ethnic minorities, which are broadcast in their own native languages. They should operate with the explicit purpose of encouraging liberation-secessionist activities and various other modes of rebellion against the rule of Moscow.

While the recent proposal for a "Radio Free Cuba"—Radio Martí, named after a Cuban patriot—is a welcome step in the right direction, this is an attack on the periphery. There should be a "Radio Free X" station not only for all of the outer Soviet colonies but for the inner colonies as well—a Radio Free Ukraine, Radio Free Georgia, Radio Free Estonia, Latvia, Lithuania, Belorussia, Azerbaijan, Kazakhstan, Uzbekistan.

Each should broadcast programs providing information about the lives and traditions of its people, helping to preserve its cultural heritage and national identity; historical episodes of its resistance to Great Russian domination; news reports embarrassing to the Soviet government such as crime and corruption statistics, details on the latest crop failure, and juicy gossip about the Kremlin elite; and bulletins on the latest activities of emerging national liberation movements within the inner colonies.

Moreover, the VOA—or, better yet, a group of private individuals—could build an additional station with a transmitting power on the order of, say, a million watts, direct it toward all of western Russia, and operate it just like a big-city, DJ-hip, 24-hours-a-day, eat-to-the-beat rock 'n' roll radio station in the United States. It could be laced with news breaks, tips for teens, gossip on rock stars and groups (particularly emerging Russian ones like Time Machine, the latest heart throb of Moscow teeny-boppers), hip commercials for various popular contraband items available in the black market, and songs played by special request.

Tanya and millions of her fellow Soviet teenagers are ready to be corrupted by good old decadent bourgeois rock 'n' roll. It

Recipes for Revolution

Following are recipes that could be easily taught to anti-Kremlin guerrillas and would most certainly give Yuri Andropov a bad case of heartburn.

UNDERGROUND PRINTING PRESS TARTARE

To make a pan-hectograph printing press, boil gristle and bones down to a gelatin. Paint a sheet of paper with coal-tar dye made by boiling coal (one kilo good for 100,000 dye sheets). Let dry. Place a second blank sheet over the dye sheet and type message on it. Separate the second sheet (now a "ditto master"); dampen with alcohol. Press onto gelatin for 30 minutes. Peel off. Dye image on gelatin is good for about 200 copies.

CAMPFIRE GLASS-BEAD MICROSCOPE

Hold two small pieces of clear broken glass together over a flame. When melting starts, spread the pieces apart quickly, forming a thin glass thread between them. Break the thread in two. Put a tip of the broken thread back in the flame until it melts into a globule. Remove. Wait until cooled. This produces a microscope that can be used to read Lippmann-emulsion microdots with texts of books and magazines encoded on them (a quart jar can contain over 100 million microdots).

AFGHAN COCKTAIL

Fill an old bottle with hydrochloric acid. Fill another old bottle with a certain inexpensive industrial solvent. Wrap them together with wire and blasting cap. Upon impact, the contents of the bottles combine to form a lethal mustard gas, notably effective on foreign armies occupying mountainous Asian countries.

becomes increasingly unappealing to listen to Yuri declaiming how you should slave and sacrifice your one life for the good of the masses when you can instead listen to the Stray Cats. And you're unlikely to develop a murderous hatred for America when you're dancing to its music and it makes you feel so good.

As effective and influential as radio can be as a device to disseminate information and foment unrest, there is another available medium that is even more powerful—television. The technology exists to broadcast TV programs via satellite directly into private homes throughout the Soviet Union and Eastern Europe. To see actual events that the Soviet government desperately suppresses or distorts on its "news" would strengthen the profound cynicism and rage that so many average Soviet citizens already feel toward their government media. (There are bitter jokes that everyone in the USSR knows. *Q:* Why do Soviet televisions come with windshield wipers? *A:* To wipe the spit off.)

The two alternatives for direct broadcasting involve either a very-high-powered geosynchronous satellite, capable of beaming a continuous signal receivable by normal home-TV antennas, or multiple low-orbit satellites of lesser power, each providing about 10 minutes' worth of signal. The former would be about 10 times more costly; its signal, however, would be uninterrupted and harder to jam.

Subversive Words

When it comes to the print media, there is no breach whatsoever in the information barrier that the Soviet government has thrown up around its citizenry. In the Soviet Union, you can read only what the government lets you, and it's all their side of the story.

That is why copies of *Playboy* magazine can go for 100 rubles (about $30) or more in Moscow. When we gave the latest *Playboy* and *Penthouse* that we sneaked past customs to our guides on Elbrus, they smiled so much that they might have had lockjaw.

Certain Christian groups in the United States have become skilled at smuggling Bibles into the Soviet Union. Equally subversive would be a program to smuggle in thousands of copies of *Playboy*, as well—for the average Russian to see the hundreds of pages of ads celebrating the vast cornucopia of goods available to the magazine's American readers would be demoralizing enough, not to mention the departures from socialist realism for which the magazine is well noted.

Also, if the anti-Communist, Bible-smuggling Christians were really smart, they would cooperate with Moslems to smuggle Korans into Soviet Central Asia.

In addition, people interested in getting more information to Soviet citizens could work to distribute throughout the Soviet empire vast numbers of Lippman-emulsion microdots (a quart jar would contain over 100 million) encoded with the texts of various books, current magazines, and newspapers. Microdots are pinhead-sized pieces of photographic film on which a large quantity of information (for example, the Bible on one microdot) can be put; Lippmann-emulsions, discovered in the 19th century, are particularly easy to make. These microdots can be read with a simply-made glass-bead microscope (see sidebar, page 37).

Guerrilla Arms

The pen is mightier than the sword, but the sword still has its place. For example, the Afghan rebels (more accurately, the patriots) should be supplied with Redeyes—hand-held, shoulder-launched, heat-seeking missiles—to neutralize Soviet helicopter gunships. And in retaliation for the Soviets' widespread use of chemical warfare in Afghanistan, show the patriots how to make an "Afghan cocktail" (see sidebar, page 37).

The Afghans could also be encouraged and enabled to expand their activities across the border, attacking military targets in the three Soviet Moslem republics adjoining Afghanistan—Turkmenistan, Uzbekistan, and Tadzhikistan. This would deny the Kremlin a sanctuary from which to launch its campaign of Afghan genocide.

Beyond any doubt, the Kremlin easily has the might to squash any single small disruption or movement, just as a person can squash a bee whose single sting is only a minor annoyance. But several dozen stings by a swarm of bees is another matter. By giving the Soviet government so many problems of so many different varieties in so many different places throughout its empire, the USSR's might would be rendered impotent.

All of these offensive strategies are the sticks, designed to take advantage of the Achilles heel of the Soviet Union, to take it out of the game. But where there is a stick, there should also be a carrot, an enticement to play the game on our side. Diplomatic strategy should provide the carrot.

The Russian people and their leaders are not some crazed, bloodthirsty horde like the Mongols under Genghis Khan. Russians have made great contributions to Western civilization. Cultural greats, for example, include such Russians as Tchaikovsky, Rimski-Korsakov, Dostoyevsky, and Tolstoy.

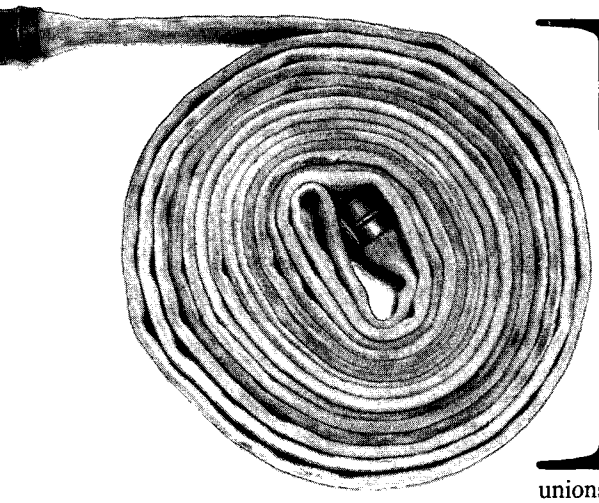
The Russians have clearly demonstrated their capacity to behave barbarically, as have the Germans. Nonetheless, today there is an affinity between Germany and the other cultures of the West, certainly including America—and reasonably so. Russia and the Russian people also can become an ally of America's, and not as in World War II, when there was a marriage of cynical convenience to fight a common enemy, but on the basis of cultural affinity, trust, and friendship.

There do not have to be adversaries in the world, as the Marxist, fixed-pie view of reality suggests. The nations of the world can grow and prosper together.

So why does the Soviet Union look upon the United States as an adversary? It certainly isn't because we are capitalists rather than socialists or communists. After all, the Soviet Union's greatest adversary is China, yet China's government spouts nearly the same Marxist-Leninist line as the Kremlin does.

Let's face it: America really isn't a belligerent, warlike country. There is more compassion, honest concern, and actual cash on the barrelhead given away by Americans for the well-being of mankind than by any other nation on earth. America simply isn't an imperialist power. It gave back Cuba and the

(Continued on p. 46)



BLAZING BATTLES

Two New England towns tried to hire private fire-protection firms last year, and the ensuing political fights are still smoldering.

BY JIM PERON

Fire fighters' unions have been busy in New England trying to put out privatization brush fires. In the past year, city councils in Willimantic, Connecticut, and Dover, New Hampshire, have attempted to reduce costs by turning their fire departments over to private contractors. The unions worry that this apparent threat to their members' job security could spread rapidly, leaping across state boundaries. And they could be right.

The news from New England is mixed. When Dover's city council voted 5 to 3 in June to contract out fire protection, it was the first community in the Northeast—and the first city anywhere with a unionized fire department—to go the contract route. But Dover's union is still fighting, and in Willimantic, Connecticut, privatization was successfully doused by the union earlier in the year.

I've followed these battles for 16 months. While the two cases show why local governments may indeed increasingly turn to private fire protection, they also display the heat that city officials are likely to face when this proven means of cost cutting is proposed.

Willimantic's hotly contested vote on privatization grew out of a concatenation of people and events. In 1982, confronted with rising costs and limited revenues, city officials got together with the Institute of Public Service at the University of Connecticut. The result was a report setting forth city goals for the 1982-92 period. In the "Law and Safety" section of the report was an item suggesting that the city explore lower-cost alternatives to the traditional way of providing for public safety.

This suggestion did not fall on deaf ears. Willimantic's city manager was one Paul Shew. In the same position in Milford, Ohio, in the 1970s, he had gotten to know the city manager of nearby Cincinnati, who had been the city manager of Scottsdale, Arizona, for many years. And that city of 95,000 has contracted out its fire service ever since it incorporated as a city in 1952.

What Shew was looking at in Willimantic was a $900,000-a-year fire department that accounted for nearly 25 percent of the city's proposed 1983 budget of $3.76 million—and a fire fighters' union that wouldn't budge in contract negotiations. With 15,000 citizens, Willimantic was paying a relatively high price for fire protection—$60 per capita, or about $180 per household. (As a point of reference, private subscription fire services typically charge $30-$50 per household.)

So Shew began looking into the state of the art of private fire protection as of 1982. The more he looked, the more enthusiastic he became. "Quality was a prime concern," he told me, and he became convinced that contracted services offered a quality alternative to the city's high-cost fire department.

In early 1982, Willimantic's city council announced that it was interested in receiving bids for fire service. Three companies responded: American Emergency Services Corp. of Wheaton, Illinois; Rural/Metro Fire Department, Inc., of Scottsdale, Arizona; and Wackenhut Services, Inc., of Coral Gables, Florida. After reviewing the three proposals, the council decided to hear more from Wackenhut.

The Florida-based company had just recently entered the municipal fire business when it won its first contract, with Hall County, Georgia—a 75,000-person, 400-square-mile suburban and rural area—in January 1982. But Wackenhut was no stranger to fire fighting. In 1967 it was awarded a contract to provide fire and security services for the Johnson Space Center. At various times it has held fire and security contracts at seven NASA installations (including the Kennedy Space Center at Cape Canaveral), the Energy Department's Nevada Test Site, the Alaska pipeline, and 12 Saudi Arabian airports. In 1983 the firm began providing fire protection at two domestic, civilian airports. Worldwide,

Photograph by Joyce True

the company employs 11,700 people and does $200 million worth of business per year.

Wackenhut offered financially strapped Willimantic an attractive proposal. Under a five-year contract, said the firm, it could save the city $1.4 million by economizing on personnel. It would restore a 56-hour work week rather than the existing 42-hour week and would replace four six-man platoons with three seven-man platoons. In addition, the company would begin using paid reservists to provide supplementary manpower, saving a bundle in overtime costs.

The fire fighters' union was bitterly opposed, especially to going back to a 56-hour work week, which they had last worked in 1969. Local 1033 of the International Association of Fire Fighters (IAFF) denounced the request for bids, calling the city's action "nothing but union-busting." If a private company were allowed to take over fire protection in Willimantic, charged local IAFF President John Griffin, private fire protection could, "like a cancer, spread all the way through the state of Connecticut."

Emotions ran high at a public meeting when Deputy Fire Marshal Joseph Beaulieu (right) demanded that City Attorney David Treiber shut down or move the meeting from a packed city hall.

The union went into action, first trying to extinguish the threat at the local level. There the union pinned its hopes on a December 1982 referendum on consolidation of Willimantic with the surrounding township of Windham. Consolidation would mean the election of a new city government—one the union hoped would be less favorable to contracting out fire services. In addition, the job of city manager would be abolished, getting Shew out of the way. So the union added its voice and funds to the pro-consolidation campaign.

The controversial measure passed in December 1982. But the fire fighters' battle wasn't over. Consolidation wouldn't take effect for six months, and in the meantime the existing city council had to vote on the fire contract. The union turned its attention to delaying a decision.

The night of reckoning was February 2, 1983. A year had passed since the council had called for bids, and now it was set to vote on the issue. That night, fire fighters packed city hall with about 100 supporters, well in excess of its legal capacity of 75. When the meeting was called to order, Deputy Fire Marshal Joseph Beaulieu announced that the hall was overcrowded. The meeting would have to close down, he said, or be moved elsewhere, because fire regulations were being violated.

Mayor John Lescoe asked Beaulieu to remove 25 people, which elicited loud protests from the crowd. When the marshal again demanded that the meeting be closed or moved, Lescoe announced an adjournment while everyone moved to another site. City Manager Shew told me later that he can't remember any other time when the fire department was so concerned about overcrowding.

Meanwhile, outside city hall someone had slashed the tires of the rental car used by Wackenhut representatives, who were at the meeting to press the case for their proposed contract. Shew got them to the new meeting site in another vehicle—prompting Raymond Shea, president of the state IAFF union, to declare to the assembled crowd that the private company didn't have the "guts" to enter either a burning building or a vandalized car.

But the real trump card used by the IAFF's Shea at the meeting involved an alternative proposal he claimed had been submitted by the union. Council members said they had never seen any such proposal, and Shea charged that city negotiators were keeping it from them. But the union's offer was "competitive" with the one from Wackenhut, he promised.

City Manager Paul Shew, himself one of the city negotiators, said the union had never come forth with an alternative. But Shea's accusations swayed the council, which postponed its vote. A week later the city council again agreed to remove the issue from its agenda at the request of the union. This time Shea asked for the additional time so that the union could prepare the proposal that he previously claimed had already been submitted.

With action at the city level safely on hold, the union regrouped and mounted an offensive in the state legislature. First, a bill to regulate private fire services was introduced by state representative Andrew Carey (D-Windham). Then, after testimony from the fire fighters' union, volunteer fire fighters, and state regulators, the bill was amended to ban private fire services altogether. (A similar measure had been enacted in Massachusetts in 1980 after union lobbying.)

Curious to learn Carey's motivations, I called him up. "My primary concern is the level of service, which private companies can't meet," he told me. How did he know that? I inquired. Carey admitted that all he had read was Wackenhut's proposal for Willimantic. All he seemed to know about the private fire industry (see sidebar, p. 43) was that "Rural/Metro is out in Arizona or someplace."

When questioned, he admitted that the ban would preempt cities' right to decide what type of services to use. But this is necessary, he said, because opting for private services "is a union-busting tactic."

I pressed him further on the alleged inferior quality of private fire services. Carey said his information came from the Willimantic city council, but in the same breath he added that "damn little information has been given." Yet he was willing to sponsor legislation forbidding private fire protection on the basis of this "damn little" information. When I challenged him on this point, Carey intimated that I was on the take of some private fire company. "I think someone's paying you," he charged.

Carey's bill, however, never got out of

Photograph by Harold Hanka/Willimantic Chronicle

committee. In April 1983, stymied in the legislature, the union rejoined the battle at the local level, offering a new union contract with concessions on overtime pay and fire-engine manning. The proposed five-year contract would save the city's taxpayers an estimated $340,000—compared with Wackenhut's $1.4 million in savings. After some debate, the city council voted 4 to 3 to accept the union's offer.

According to council member Gail Zaicek, who voted against the union's offer, the majority of the council actually favored contracting out fire services. But the common knowledge that the fire fighters would have called successfully for a referendum on the issue—which the city might lose—had a strong deterrent effect. "If the fire fighters were successful in the referendum, it would severely damage the concessions [the union had otherwise agreed to]," council member Rita Cantor told the local newspapers. And so the city settled on a sure $340,000 rather than pushing for $1.4 million.

The battle over privatizing fire services in Dover, New Hampshire (pop. 22,375), was in many respects a replay of what took place in Willimantic—but with some interesting twists. To begin with, the idea of contracting out fire protection in Dover cropped up within the fire department itself in the person of Capt. Sanford Salava, president of the Dover Professional Fire Officers' Association. (In Dover there are two unions, one for officers and the other, an IAFF local, for regular fire fighters.)

In February 1982, Salava approached the city with a proposal to start a private fire firm and contract with the city. He was turned down after failing to raise a $200,000 performance bond. But City Manager Robert Steele was intrigued.

Steele had already made Dover a leader in contracting out. He took the job in 1978, and since then Dover has contracted with private firms for custodial services, garbage collection, and some snow hauling, data processing, and heavy equipment work.

Several months after looking into Captain Salava's proposal, Steele saw an ad for Wackenhut's fire-protection services and got in touch with the firm. In May 1982, the council asked Steele to look into contracting out both fire and police services. Steele, the mayor, two council members, and the city's finance director all attended a National League of Cities seminar on contracting out in July. A few weeks later, having heard about Willimantic's efforts to obtain bids, Steele got in touch with Paul Shew and other Willimantic officials.

As things progressed, Dover's fire chief, David Bibber, decided to check out this privatization business. He was skeptical at first. "I said I would look into it," he recalled when I interviewed him, "but I didn't think it would work." Bibber called all the areas of the country that he knew of where there had been some experience with contracted fire service, talking to city officials and to the fire chiefs of neighboring municipal departments.

"After I started researching it, I found it was a viable alternative for the city," Bibber told me. "I did everything I could do to chip it apart," he confessed; but the more he investigated, the more he grew convinced that private contracting makes sense. "We're a monopoly," he said, referring to municipal fire services, "and something has to be done" to cut costs. He figured that introducing competition via contracting would go a long way to bring cost-consciousness to fire services.

When Dover went out to bid, it received two serious proposals—one from Fire Suppression Management Consultants in Georgia and the other from Wackenhut. As in Willimantic, the Wackenhut bid was judged the more responsive and became the basis for consideration. The company proposed changes in staffing and working hours similar to those laid out for Willimantic—again, restoring the 56-hour work week abandoned by the Dover department in 1977. Only 6 of the 36 fire-fighter positions would be eliminated; the wages of those remaining, all of whom would be offered jobs with Wackenhut, would be increased by an average of $2,000 each. The net savings over the three-year contract would be $350,000.

This time the International Association of Fire Fighters *began* its battle in the

THE STATE OF PRIVATE FIRE FIGHTING

Private, for-profit companies providing fire protection date back to at least 1948 when Rural/Metro Fire Department, Inc., was founded in Scottsdale, Arizona. Today, the Directory of Private Service Providers put together by the Reason Foundation's Local Government Center lists 13 such companies, operating in 10 states. Rural/Metro is still the largest, serving some 15 communities in Arizona and Tennessee. Coming up fast is Wackenhut Services, Inc., a division of the Florida-based $200-million-a-year security firm, Wackenhut Corporation. Some of the firms go back 10 to 20 years, while others have come into being since the tax revolt kicked off by California's Proposition 13 in 1978.

The private fire companies operate in two different modes. Some, generally in rural or suburban areas, operate by *subscription*—individual property owners voluntarily decide whether or not to sign up for an annual subscription, typically at $30-$50 per house. A subscription provides full access to the company's services on demand, with no further out-of-pocket charge (much like the emergency road service offered by various auto clubs). The companies also respond to non-subscribers' fires, then charge them by the hour for each fire fighter and piece of equipment used. In most areas where subscription fire service is offered, most households readily sign up, generally saving money on fire insurance premiums by doing so.

The other mode of private fire protection is called *contracting out*. More common in urban areas, it involves the local government selecting a company to provide fire protection for a specific period of time (generally, from one to five years). Payment is made monthly by the city to the company, in accordance with the price specified in the contract. Thus, although the provider is a private company, the payment comes from tax money under the contracting option.

A trade association, the Private Sector Fire Association, was formed in January 1982. Since that time, dozens of city governments have requested information, and a number have gone as far as requesting bids from several companies. Today, it is quite feasible for a city of up to 150,000 to seek and receive bids from three or four qualified private fire-protection firms.

—R. P.

state legislature. In January 1983, John Wallace (D-Manchester) introduced a bill to ban private fire services from the state. "I'm totally opposed to the wholesaling of protective services," Wallace announced as he filed the bill. "My main concern is the safety of the citizens of New Hampshire. I'd like to stop this before there is any major tragedy."

Local officials from Dover protested this attempt to deny the city's right to decide how the town should be managed. The Wallace bill was quickly defeated, but another was introduced in its place. James Demers, a Democratic representative from Dover, introduced a bill requiring that private fire companies be certified by the state fire marshal. The bill would not affect municipal fire departments, which would be allowed to operate without certification. "That bill is aimed right at Dover," charged an irate Mayor Raymond Hennessey, protesting that "it's asinine to think the city would hire fire fighters that can't put out fires."

But the Demers bill passed handily in the New Hampshire legislature and was signed into law on May 18. Wackenhut Business Manager George Zoley was not especially troubled by the law, believing that the company would have no trouble passing any certification requirements. What concerned him were the weapons that union representatives in Dover were using to defend their position.

At the first public hearing on fire-service privatization in Dover, Dustin Alward, the IAFF regional vice-president brought in from Massachusetts, assured the city council, "I, like you, subscribe to a free-enterprise system." But Alward and other union officials proceeded to launch an attack on profits and free enterprise. "If government has $300,000 to spend, you *would* get $300,000 worth of service," claimed Alward. "If the private sector has $300,000 to spend, you get $225,000 worth of service and $75,000 worth of profit."

But Alward's charges were mild compared with those leveled by other IAFF officials. John Cannon, vice-president of the local, declared that the profit system has always led to a lack of concern for people. "History has proven that when profit is considered, safety takes a back seat." And local President Doug Conway insisted that "you can't make a profit and protect private property at the same time." If profits were not high enough, he insinuated, Wackenhut would simply let a few buildings burn: "If profit isn't high enough, the people of Dover will suffer."

Soon, the local paper was carrying union advertisements asking citizens, "Should the City Gamble with Your Life and Property?" "DON'T PERMIT A PRIVATE FIRE SERVICE INTO DOVER," urged the ads. Picketers at city hall carried signs reading, "Don't Let Wackenhut Burn You."

Amazingly, the union also raised the specter of privately employed fire fighters going on strike, something forbidden by state law to municipal fire fighters. What the IAFF did not mention is the extent to which such laws have been ignored *by its own members*.

In Yonkers, New York, in 1981, union members illegally walked off the job—and weren't content with just striking. According to reports in the *New York Times*, IAFF members physically harassed volunteers who attempted to put out fires, and false alarms increased dramatically, as did arson.

In August 1977, striking IAFF fire fighters in Dayton, Ohio, stood by while 22 fires either burned out or were fought by residents or out-of-town fire fighters. The strike occurred in violation of a state law that bans strikes by public employees and in defiance of a temporary restraining order. As a condition of ending their strike, the union members were given amnesty along with pay increases.

Several weeks earlier, IAFF members in University City, a St. Louis suburb, had gone on strike. Fellow union members from the St. Louis city and county fire departments refused to answer calls from University City, and five of them were arrested as they tried to stop vehicles from entering the suburb.

Nationally, the Bureau of Labor Statistics reports an average of 12 fire-fighter strikes per year in the 1975-80 period. (Due to budget cutbacks, the BLS does not have data for 1981 or 1982.)

Union members in Dover also claimed that the city would be less protected because neighboring fire departments would refuse to honor existing "mutual aid" agreements with the city in the event of a large fire or multiple fires requiring extra units. But again the insinuations made by the fire fighters proved false. Chief George Gorman of the Community Mutual Aid Association, made up of 10 area fire departments, said there would be no change in the mutual aid pact "unless Dover would like us to do that." He did say the present agreement would need to be renegotiated but that the process could be as easy as changing "Dover" to "Wackenhut" in the existing agreement. Gorman also addressed the strike issue, saying mutual-aid fire fighters would come to Dover's aid if employees of Wackenhut were to strike.

With their credibility fast eroding as the council vote on Wackenhut's proposal neared, the fire fighters made their final move. Union President Doug Conway told the council: "It is the unanimous decision of Local 1312 that we would not work for a profit-making company. We are concerned with life and property. We have no interest in working with a company working to make a profit, with no interest in life and property." The council was told that the officers' association had also agreed, to a man, not to work for Wackenhut.

But these threats had an unexpected effect on most council members. Several members felt that the union was trying to hold the city hostage and progressively grew more angry at the tactics employed by the local. On June 22 the Dover City Council voted 5 to 3 to approve the contract with Wackenhut, with service scheduled to begin August 1.

The unions immediately began legal maneuvering to prevent the changeover. The local IAFF and the Officers' Association filed lawsuits on June 24 claiming that contracted services were illegal and requesting an injunction to stop the city from proceeding. The request was denied in county superior court. Another suit contended that fire protection is a "police power" that cannot be delegated to a private company. This time, the decision of the superior court was to refer the matter to the state supreme court and to grant the fire fighters' request for a temporary restraining order until the case is settled.

Chief Bibber, City Manager Steele, and Wackenhut representative George Zoley are all confident that the city can win before the supreme court. "If we didn't think we could win," said Zoley, "we wouldn't have started this a year ago." Attorneys for Wackenhut and the city approved the legality of the contract before it was voted on, and it is unlikely the state legislature would have passed the certification bill if contract fire services are illegal.

PRESENT FIREFIGHTE'S WILL NOT WORK FOR PRIVATE SERVICE
PRIVATE FIRE SERVICE FOR 5 YEARS THEN WHAT!
PRESENT FIREFIGHTERS WILL NOT WORK FOR PRIVATE SERVICE

Enthusiasm overpowered spelling as fire fighters protested proposed privatization in Willimantic.

But Zoley and Bibber both told me of their suspicion that the union is not really trying to win the lawsuit. The true motive, they believe, is to stall the implementation of the contract. Under the contract, the city has a 90-day trial period in which to cancel the agreement. If the contract had gone into effect as scheduled, the 90-day period would have ended on November 1, just a few days before municipal elections. But if the contract start-up is delayed until after an expected mid-September court ruling, the 90-day trial period will expire after a new council is elected and possibly after the new members are in office.

Chief Bibber believes that the International Association of Fire Fighters "has given the local a blank check." IAFF Regional vice-president Dustin Alward has been making regular trips to Dover. A full-time political organizer named Michael Lass has arrived on the scene. An anticontract group, "Voters Interested in Public Service," has announced a petition drive for a referendum to amend the city charter to forbid contracting out police and fire services. It is headquartered in a building owned by the Brotherhood of Electrical Workers—like the IAFF, an affiliate of the AFL-CIO. And the announced candidate opposing one of the incumbents is the brother of a fire fighter.

The council majority who voted for contract fire service knew what they were doing and the possible ramifications. Geraldine Sylvester stated, just before the vote, "If I never sit here again, I will have voted in good conscience and done what I think is right." Even those on the other side acknowledged the merits of the case. Councilor Robert Whiting stated flatly, "I firmly believe contracted services to be the services of the future." But Whiting voted no, because of the union's campaign. So did Richard York, who honestly conceded that he didn't want to lose his job. "I've been on the council for four years and enjoyed it," he explained.

Clearly, the stakes are high in Dover. The fire service has long been insulated from public scrutiny, because it's been a government monopoly and because people are understandably afraid of fires—and so tend to believe fire fighters' claims about what is necessary. As a result, the fire service has grown extremely conservative, tradition-bound, and costly.

Chief Bibber summed up this conservatism for the *New Hampshire Times*: "I can understand the feelings of the firefighters. The fire service is as traditional as apple pie and motherhood. When the internal combustion engine was about to replace the horse-drawn buggy, firefighters opposed it. When air tires replaced hard tires, firefighters opposed it. When closed pumps replaced open pumps, firefighters opposed it. And since diesel engines began replacing regular gasoline, there still are departments that oppose it." But Bibber has become convinced that the facts are on the side of private fire protection.

Another chief on whom the battle has made a deep impression is Charles Monzillo of Willimantic. Addressing a regional convention of fire chiefs in Hyannis, Massachusetts, at the end of June, Monzillo warned the chiefs that private fire departments could become as common as private garbage-collection firms unless municipal fire departments figure out how to cut costs. "These are reputable concerns who claim they can give the same or better level of services than communities now have, at less cost," he said. Private contractors can take over any type of fire department, he acknowledged, and "they can run it for less money."

As for little Dover, New Hampshire, whose council had approved the Wackenhut contract just a week before, Monzillo summed it up aptly: "Dover is the key to what is going to happen in the rest of New England and maybe the whole United States." ◻

Jim Peron is a journalism student and the director of the Connecticut Institute, a nonprofit research organization.

Photograph by Harold Hanka/Willimantic Chronicle

The Worst Prison System in America?

The Texas jails were notorious, but documentary film maker Eric Sherman decided to look at them from another angle.

BY CHRISTINE MONTILLA DORFFI

Four years ago, a friend told film maker Eric Sherman about the controversial Texas Department of Corrections, which was being sued simultaneously by the US Department of Justice and by the American Civil Liberties Union. At the time the second-largest prison system in the country (it is now the largest), the TDC was charged with violating prisoners' constitutional rights by subjecting them to overcrowding, inadequate medical care, and control by other inmates.

Sherman was intrigued by the unlikely alliance of the Justice Department and the ACLU and decided to investigate the Texas system. While one of the longest-running civil rights trials in US court history (*Ruiz et al.* v. *Estelle et al.*) dragged on, Sherman researched the TDC and tried to round up funds for a documentary on the system. He finally obtained the money—close to $100,000—from a former film student of his who had come upon better times.

Although it took some convincing that Sherman was not out to "smear" the TDC, system director William J. Estelle

Photograph by Eric Sherman

finally agreed to let him film whatever he wanted, provided he "not show any prisoner or employee in a degrading light." The resulting documentary—10 days of shooting edited down to 53 minutes of film—goes under the title *Inside Out.*

What Sherman wanted to document was the *running* of the Texas prison system. So he filmed the prisoners' daily doings—working, eating, going to school, in recreation—and then intercut these scenes and interviews with prison officials and a (critical) criminologist.

The TDC, the largest state prison system in the country, currently handles some 36,000 inmates in 20 facilities in eastern Texas. Some years back, the TDC had decided that safety and self-sufficiency would be the paramount considerations in its system and that its prisoners would cooperate or else. Consequently, the prisoners work at more than 20 industries, growing their own food; making their own clothing, shoes, and belts and even prison cell materials such as iron bars; and supplying many goods and services to state agencies.

When *Inside Out* was filmed, the system boasted a cost per inmate one-fifth the national average ($2,300 per year compared to $17,000 nationally). Today, at $5,110 per inmate per year, the TDC still spends only one-third of the national average of $15,829. Texas officials also boast of a low, 30-40 percent recidivism rate (although statistics on recidivism are notoriously unreliable and not given much credence by most criminologists or penal authorities).

According to Texas prison warden James Williamson, these impressive statistics are a direct result of TDC's advocacy of education and productive work habits. Once convicted, all prisoners are expected to work. If they don't meet fifth-grade-level requirements, inmates are required to attend the prison school system, the Windham School District, or pursue vocational training.

"From what can be seen in the docu[mentary], conditions seem to be more than satisfactory," admitted a skeptical reviewer in *Variety.* But "one wonders what the prisoners themselves (none of whom are ever interviewed) would say."

Sherman, however, says the film wasn't meant to be about the prisoner's viewpoint. "I could easily have found a prisoner who would say anything at all," he says. Instead, his aim was to capture on film a different aspect from that of the 30 or so prison documentaries he'd viewed in his preliminary research, "nearly all from the prisoner's point of view."

Is there more to the story than the picture presented in *Inside Out*? When the *Ruiz* case was decided by a federal court in 1981, the TDC was ordered to make substantial improvements in prisoners' living conditions and security. When the TDC appealed, most of the significant court orders were upheld.

The virtue of Sherman's film is that it provokes discussion and questioning. As criminologist and author Bruce Jackson notes in the film, we have to decide "what we want these institutions to do." Are they simply to remove the wrongdoers from the rest of society and keep them out of reach for a specified period of time using the most efficient and inexpensive means? Do we want them to remove wrongdoers from our midst but also respect all the prisoners' civil rights save for the right of free association? Or do we envision penal institutions as reeducation centers, an analogue to the government school system? And in cases where crimes have victims, how do we get around the problem of the victim paying taxes to support the person who violated his or her rights?

Technically, the film is quite well produced and filmed. This should come as no surprise, since Sherman is a respected director-cinematographer whose company, Film Transform, produces documentaries for various clients. For example, Sherman did documentaries a few years ago on free-market economists F. A. Hayek and Henry Hazlitt for the American Enterprise Institute. Earlier, Sherman had filmed *Paul Weiss—A Philosopher in Process.* More recent projects include a film of the Fourth of July speedboat race from Miami Beach to the Statue of Liberty, a short on the Epson QX-10 computer, a film on the Neighborhood Watch concept, and, as cinematographer, a film on the positive aspects of American culture, called *The Measure of America.*

Sherman has taught and written books on film production and endured "a Hollywood childhood." Errol Flynn was his godfather, and Sherman's father, Vincent Sherman, began directing in the mid-30s and continues to direct today, at 77; he did *The Last Hurrah* and *The Dream Merchants* for television. Sherman himself does some 20 to 30 films a year "quickly and inexpensively," he says.

He is trying to get wider release for *Inside Out,* particularly through cable TV. He hopes someone will arrange a showing of the film with a debate. It has been shown internationally at several festivals—Melbourne, Toronto, Montreal, Spain, and Italy—and he has received queries from the governments of Australia, Israel, and California.

He is optimistic about widespread distribution, because people are so concerned about prisons. "People are willing to vote each year for more money to build prisons, yet the results of all this spending are sad." Eric Sherman hopes *Inside Out* will do something to change that.

Christine Dorffi is a free-lance writer.

Eric Sherman, whose film *Inside Out* provokes tough questions about crime and punishment

Photograph by Jim Kennedy

Soviet Empire

(Continued from p. 38)

Philippines and Okinawa and isn't trying savagely to colonize all over the world.

America's diplomatic attitude and operating principle toward the Soviets should be: don't attack us, and we won't attack you—morally, ideologically, subversively, economically, or militarily. Stop acting like an imperialist power, stop trying to foment disruptions and rebellions, *stop trying to make trouble.* Get the Cubans and East Germans out of Angola and Ethiopia and South Yemen and Nicaragua, and get yourselves out of Afghanistan. Cease the constant outpouring of lies and childish propaganda about us. If you do, we'll leave you alone. If you don't, we'll dismantle you as a political entity.

The only way to negotiate with the Soviets is through strength; the only viable diplomacy is to make them an offer they can't refuse. As the son of Don Corleone reported in the movie *The Godfather*: "My father placed a gun at the man's head and told him that either his signature or his brains would be on the contract." Likewise, it must be made breathtakingly clear to the old men in the Kremlin that either their signature or their brains will be on a verifiable disarmament treaty.

It is true that the Kremlin is between the proverbial rock and a hard place: either it continues its massive military build-up and constant expansionist foreign policy, or the entire system of oppression and control starts to disintegrate. So it seems that if the Soviet Union disarms, the Soviet Union dissolves. But there is an out—the path chosen by China.

For the choice is not limited to being our friend or our enemy. What is necessary is for the Soviet Union to understand that its very survival requires its becoming, at the very least, *nonbelligerent* toward America and the West, as China has done.

China poses little threat to us. Its government is not aggressively imperialist and isn't voraciously colonizing all over the world. With the insanity of the Cultural Revolution behind them, the Chinese are concentrating instead on developing their own economy—without going on a credit binge and with a panoply of semicapitalist, private-incentive measures.

The Soviet Union should be in the same boat. At the very least, the Soviets must concentrate on keeping theirs afloat and must refrain from trying to sink ours. If they do not, the task of our diplomacy should be to explain to them that we can no longer refrain from simply pulling their plug.

We live in a risky world, perhaps the riskiest ever. All military graveyards are full of dead heroes. This is no time or place for rash moves, for a political charge of the light brigade leading us all into a nuclear Balaklava.

Yet America is in a fight for its life. Either we give up, lie down, and culturally die, or we figure a way to win, a way to take the bastards out.

Of course "the Commies" have enough nuclear weapons to blow us all off the map many times over. But we do not need to immobilize ourselves with panic over the prospect of *nuclear* war any more than, say, *germ* war. All-out biological germ warfare, for which the Kremlin is actually better prepared than we, would wreak just as much of a holocaust. It is fully as frightening as a nuclear war, and yet we single out the latter in which to wallow in fear-stricken anguish.

The Soviets do have immense military power, unimaginably horrible power. But they also have a problem. They can't use it. For them to use the bomb would be an act of suicide—not because of the physical destruction that would be wrought by a retaliatory attack, but because of the political devastation that would result.

The Soviet Union really is Humpty-Dumpty. The "union" is not voluntary: the strong centrifugal forces within its borders are kept in check only by constant oppressive force. Today, with major demographic shifts, economic decline, disillusionment with Marxism, and the Polish situation, these centrifugal forces are coming into sharper and sharper focus—making the present a most propitious time for programs and policies that heighten the USSR's mortal ethnic problem.

A major purpose of such programs is to ensure that no matter what futile and hypocritical appeals to a nonexistent patriotism the Great Russians make to the other nations and cultures under their sway, no matter what precautions the Soviets take for a nuclear attack upon them, the vast destruction of such an attack would chaotically disrupt and break lines of communication and control between the Kremlin and a great many places throughout its empire. And once that empire is literally broken up into isolated, separate pieces, it can never be put back together again.

Once the Kremlin loses control—even if only for a matter of days—of several portions of what previously was the USSR and its outer colonies, it will be unable to regain that control. The centrifugal forces will be unleashed; the inner colonies as well as the outer will say, "Do svidanya, Yuri!" The Soviet Union will simply vanish as an intact political entity; and whatever political structures arise in its place, there will be many of them, and they won't be taking orders from the Kremlin.

This is why, for example, the Warsaw Pact, and the possibility of its being a coordinated offensive threat to Western Europe, is such a fraud. NATO needs to develop its capacity for *subversion*, not its capacity to repel hypothetical attack by Eastern Europeans eager to conquer or die for the glory of Great Russia.

None of this means that anyone should consider for a picosecond calling the Soviets' bluff or a preemptive first strike against them. It means, rather, that the US government should be doing hardball negotiating with the Kremlin.

We *can* decisively put the Kremlin on the defensive in such negotiations. The particular techniques I've suggested for a subversive strategy of promoting ethnic nationalism within the Soviet Union are illustrative examples only. The employment or rejection of any one of them is not in itself important. What is vitally important is that the United States and the rest of the West go on a quid-pro-quo offensive against the Soviet Union and begin at last to exploit resolutely and confidently the USSR's mortal weaknesses.

There is enormous risk to us and the world no matter what we do. The Soviet Union is a society in a serious state of decay. There may well be more risk, however, in a policy of apprehensive, apologetic timidity than in trying to hasten and control to our benefit the Red empire's dissolution.

The course suggested here—to go for the USSR's jugular, to take advantage of the Soviet Union's Humpty-Dumpty vulnerability—is no more inherently risky than any other. It will require liberal doses of courage, caution, patience, skill, cool nerves, conviction, and self-confidence. But these are requirements for success and survival, both for individuals and entire cultures, in the first place.

America need have no fear of the Soviet Union. The state whose leaders have promised to bury us can be made to suffer the death of a thousand cuts—unless it chooses peace. ◻

Jack Wheeler has a Ph.D. in philosophy. He is currently traveling around the world gathering information on Third World anti-Soviet guerrilla insurgency movements, a project of the Reason Foundation Investigative Journalism Fund.

HOW SHOULD A FREE SOCIETY BE DEFENDED?

What kind of national defense is appropriate for a society based on individual rights? Can a policy of Mutual Assured Destruction be justified as properly defensive? If not, are there other ways in which nuclear weapons can be used legitimately? What about military alliances? Intervention overseas? Intelligence and propaganda?

Most discussions of national defense are justified in collectivist terms like "national interest." *Defending a Free Society* is different. It begins with fundamental principles, asking the hard questions others ignore. And it comes up with a morally sound, robust, and cost-effective program for true *defense:* active and passive defenses against nuclear attack plus second-strike retaliatory weapons; withdrawal from costly alliances with NATO, Japan, and South Korea; tactical land and air forces based largely on guard and reserve forces; a strong high-tech navy; a decentralized intelligence system; and an end to "covert activities."

The Reason Foundation defense project team explains and justifies this new approach in 11 thoroughly documented chapters:

1. **The Moral Basis of National Defense**/Eric Mack
2. **Empirical Basis of Defense Policy**/R. J. Rummel
3. **Current Strategic Realities**/R. J. Rummel
4. **Rethinking Strategic Defense**/Sam Cohen
5. **Military Alliances and Far-Flung Forces**/Laurence W. Beilenson
6. **Naval Forces and Freedom of the Seas**/Michael J. Dunn
7. **Effective Land and Tactical Forces**/Michael Burns
8. **Military Personnel Without Conscription**/Roger Nils Folsom
9. **Intelligence in Defense of a Free Society**/Joseph B. Ford
10. **Aid to Freedom Fighters**/Laurence W. Beilenson
11. **A Grand Moral Strategy**/Jack W. Douglas

Defending a Free Society will change the nature of the debate on national defense. Don't miss this path-breaking volume. Order your copy today, at the special pre-publication price of $19.95.

NEW BOOK
Offer good through November 30

THE REASON FOUNDATION
1018 Garden St., Santa Barbara, CA 93101

Please send me ____ copies of DEFENDING A FREE SOCIETY, as soon as it is published, at $19.95. My check or money order for $ _____ is enclosed. (Expected publication date: December 1983)

Name _____

Address _____

City _____ **State** _____ **Zip** _____

(California residents please add 6% sales tax for a total of $21.48 per book.)

VIEWPOINT

A Liberal Pickle

BY TOM BETHELL

At the end of July, the *Washington Post* published an editorial about the economic recovery that spoke volumes. Recognizing that the recovery could no longer be denied, the editorial writer attributed it to "Reagan's unintentionally Keynesian policy of large deficits."

Think about that for a second. The *Post* has been shouting bloody murder about federal budget deficits since Reagan took office. That, of course, enabled the paper's editors to call for tax increases under color of sound principle and fiscal conservatism. Now they were attributing the *recovery* to deficits.

Why were the deficits so terrible, in the *Post*'s earlier view? Well, you see, deficits raise interest rates, for one thing, and high interest rates cause a strong dollar, because foreigners will exchange their savings for our inviting T-bills. (In passing, let us note the absurdity of *that* whole argument, that big deficits cause strong currencies. Does C. Fred Bergsten, the Carter administration Treasury official who is a great promoter of this brand of lunacy, really think that François Mitterrand could restore the French franc by increasing government spending and hence deficits?)

So anyway, deficits cause strong currencies, which do what? Hurt exports and the economy generally. So there you have it. Deficits can be used to apportion blame (economic slowdown, domestic-industry hurt) or praise (Keynesian recovery), depending on which way you want the argument to come out. But my point here is not simply to draw attention to liberal inconsistencies. Of far greater interest is the underlying liberal *consistency*.

As we have seen, the *Post* (and numerous other journals, of course) has used deficits to argue for tax increases. So why would it now risk weakening this argument by attributing the recovery to the self-same deficits? Because the time was not right to make one more pitch for a tax increase. At the end of July, Congress was just setting off for a five-week recess, and there was a general consensus in Washington that presidential politics would preclude another tax increase in the near future.

At the same time, however, it *was* a propitious moment to take care of another pressing problem. With the recovery at hand, there was the worrying possibility that Reagan supporters would begin pushing the argument that supply-side economics had worked after all. And *that* is anathema to any self-respecting liberal.

Only two days after the *Post* editorial, as it happened, I noticed a revealing comment by Peter Passell in the *New York Times Book Review*. Passell is a *New York Times* editorial writer, a man of the left, and the author of an untold quantity of misleading analysis in that august newspaper. "A feeble recovery leaving 8 or 9 million people jobless," he assured the faithful, "isn't likely to rekindle faith in the rationalizations for greed known as supply side economics."

People will not work for the collective, supply-siders were saying.

Now, I think we have known all along that media hostility to supply-side economics has derived from ideology, even though it has consistently masqueraded as pragmatism ("it won't work"). Here at last the pretense was abandoned, and Passell came right out and said it: supply-side is ideologically undesirable—it "rationalizes greed."

What does this mean? The crucial point about supply-side theory is that it restores incentives to the realm of economic analysis. Incentives had been quietly, surreptitiously discarded in the Keynesian model that was embraced by Franklin D. Roosevelt and dominated policymaking for three decades. The Keynesian model transformed the economy into a system of pipes, ducts, canals, sluices, and locks. From a central command post, aggregates of "liquidity" could be transferred about from one spot to another, so as to maintain "equilibrium." No incentives in that system!

Supply-siders came along and said that if tax rates are too high, people will reduce their work effort. To leftists (liberals, as we say in America), this is an atrocious heresy. People are *not* willing to work for the collective, supply-siders were saying. They work for themselves and for their families, but not for people they do not know and will never meet, and certainly not for welfare programs that actually do more harm than good by undermining the incentives of the recipients.

Well, can you imagine what it was like for good liberals who had been toiling away in the vineyards of socialism to hear *that* kind of talk coming back all of a sudden—after all that smoke-screen about "compassion" and after carefully adopting a jargon that represented one's ideology as pragmatism (not to mention making sure that one's *own* income had been converted into lightly taxed, or even tax-sheltering, assets like houses)? Who were these nuts, anyway—Art Laffer, Jude Wanniski, and so on? Horrible! Incentives were supposed to have been banished for good, along with silver dollars and barbarous relics like gold.

So then Reagan was elected and actually put through a rather mild program of tax-rate reductions—over ferocious opposition. (Remember how tax cuts were said to be inflationary?) Then, two and a half years later, the damned thing looked like it might actually be working! Put yourself in the liberals' shoes. How do you respond to the emergency?

You could, of course, dust off the old Keynesian bible. And there the Lord doth say: big deficits are one way to get a stagnant economy going. And the Lord knoweth we have the deficits. Simple, then. The defunct economist lives! It wasn't supply-side at all—all that reprehensible delusion about people being so greedy as to want to keep their own money. Of course not. God forbid. It was nothing but a touch of the good old Keynesian stimulus.

Meanwhile, the Congress would be back in a few weeks. Then, and not before, it would be time to remind them to raise taxes—to get rid of that horrible recovery, I mean deficits.

Tom Bethell is a free-lance writer, a contributing editor of the Washington Monthly, *and a columnist for* National Review.

The Best Little Shelter in Town

BY TIMOTHY CONDON

You remember *Everyman*, the long-running English blockbuster? I'd like to start a sequel: *Everyman Stings the IRS*. It's an audience-participation story everyone can identify with. Everyman and his accountant sidekick, Everywoman, set out in quest of the perfect legal tax shelter—and find it. But only after learning the special words that unlock the riddle: *rental property*.

Everyman's nemesis, Everyone Else, wants him to think only in terms of what might be called the glitter shelters: movie syndications, cattle feedlots, offshore corporations, hydroponic farming, oil and gas deals, top-40 record syndications, etc. Such shelters have their place, certainly, but they are not for everyone—particularly not for those of relatively modest means.

Consider Everyman and Everywoman, a typical suburban couple: they have two Everykids and live in a decent but definitely not elegant home, with their pets Everydog and Everycat. They barely can scrape up a few thousand to get into any investment. They have their IRAs—to which Every Taxpayer should now be contributing yearly—and their home, which is Every American's first investment.

But what then? The various taxes—federal, state, local—skim off the rest of the couple's income, leaving them only with the looming certainty of college tuition they hope to pay for their children. The answer: they need to buy some rental "shelter"—perhaps another single-family residence, or maybe a duplex—with little or no down payment, to begin saving on taxes. Why rental property? Because it is truly the tax shelter for Everyone and can be used on both the grand and minute scales.

The entire concept is both simple and elegant. It is used by giant syndicates making multi-million-dollar investments in apartment projects with hundreds of units. And it is used by your neighborhood hippie, who just bought the shack down the street, fixed it up, and moved some of his hippie friends in.

What are the tax benefits? First of all, every penny you spend in the way of repairs, maintenance, improvements, and the like is immediately deductible on your next tax return (on the Schedule E) or will be depreciable over time. Having a neighborhood kid mow the lawn for five bucks means you get that much of a deduction. Painting some rooms? Paint, masking tape, brushes, scrapers, and so on are deductible. A new roof, a room addition, a new stove or refrigerator or water heater means added depreciation on your next tax return. (Generally, things that last more than a year are depreciated; all else is immediately deducted, or "expensed," on your return.)

In addition, a rental property virtually always creates a "paper loss" on your tax return. If it doesn't, something is probably awry, which your tax advisor can tell you about. The name of the game is to wipe out all rental income with the various deductions (on paper, of course) and come up with a hefty loss that will "shelter" your *other* income from taxes.

Generally, the expenses of owning and running a rental property will do this. Why? Because you're deducting your yard care, advertising to find renters, repairs, mileage to pick up the rent and to check on the property, painting, insurance, decorating, management and bookkeeping services, appliances, furniture repair and replacement, carpet cleaning, property taxes, interest, etc. In other words, *everything* you spend on that property is deductible, except for the portion of payments on the mortgage that goes to paying off the principal.

But here's the really great thing about rental property: in addition to all the above deductions, you also get to deduct the "paper expense" of depreciation on the building, appliances, and such—but not land, because it doesn't "wear out." And that is what creates the big loss when tax time comes around.

It used to be that buildings had to be depreciated over a life of 30 or 40 years, which meant comparatively meager yearly deductions. Now, however, President Reagan's tax program has allowed most buildings to be depreciated over a *15-year* "lifetime."

So say you buy a little house for $35,000, and perhaps $10,000 of that is allocated to the cost of the nondepreciable land the house sits on. The house, then, will produce a depreciation deduction on your Schedule E of $1,667.67 each and every year for 15 years ($25,000 divided by 15). (This is assuming you don't use accelerated depreciation, which is a special case and another story.)

So you're doing all this stirring around: The house is making money from rental payments each month. You're using that cash to pay the mortgage and meet expenses, thus wiping out the extra income you're receiving. You're madly depreciating everything in sight on the property. Your total income is being driven down on paper by the resulting losses, and you're ending up with even more money because of the tax savings.

Something else great is happening too: the value of the property is (one hopes) increasing. After 15 years (or less, if the right deal comes along), the final scene in *Everyman Stings the IRS* is that the property is sold. At that point, all past depreciation is "brought back"—that is, the profit on the sale is adjusted upward to compensate for those 15 years of tax breaks you received. But guess what: you're only going to have to pay capital-gains taxes. What happened? Through the magic of depreciation, in addition to all the *other* tax breaks you got over the years, regular income was converted into *capital-gains* income! Good trick, huh?

Need I say more? Go then. Go now. Go forth and buy a shack, a duplex, an office building, the Taj Mahal. Rent it out. Save on taxes, Everyman. And keep more of the money that belongs to you.

Tim Condon is an attorney and a tax specialist practicing in Florida.

Illustration by Susan Sallade

SPOTLIGHT

Property Rights in Print

BY PATRICK COX

"Publish or perish" is the cliché used by academic folks to refer to the importance of having one's scholarly work printed. Even at the most prestigious universities, the number of a teacher's words published in important journals often is more crucial in gaining tenure than is the number of students who come away from his classes with an understanding of the subject taught. In the same way, a philosophy's success is largely dependent on the exposure it receives in respected journals.

In the last 50 years, individualist, property-rights perspectives have been almost totally absent from the academic publishing world. Journals controlled by scholars hostile to individualist ideas have routinely vetoed excellent work by economists, historians, and philosophers who do not subscribe to the popular wisdom. The impact of such practices has been particularly frustrating to those who must publish or have their careers perish.

Ellen Frankel Paul is among a growing number of individualist scholars who are beating the system. Holding an impressive academic pedigree—an undergraduate degree in philosophy from Brandeis, a Ph.D. in government from Harvard—Paul has taught political science at both Miami University in Ohio and the University of Colorado at Boulder. Her book *Moral Revolution and Economic Science* was published in 1979 by Greenwood Press, and a new book—*This Land Is My Land?*—will soon be published by the Hoover Institution at Stanford University (where Paul was a national fellow for a year). And recently, she was appointed by the Reagan administration to represent the United States at the UN Commission on Social Development. The commission is concerned with the "equitable distribution of income in the world," explains Paul, but "it's just the usual UN battleground for East-West conflict."

Paul grew up, she says, as "the only conservative I knew on Long Island." By the time she was 11 years old, she was already involved in Barry Goldwater's presidential campaign. Paul says that her husband, Jeffrey—a professor of philosophy at Bowling Green State University in Ohio, where she is presently an assistant professor of political science—was responsible for her coming to accept a libertarian, natural-rights philosophy in place of her conservative, utilitarian beliefs. "I became a little more uncompromising," she says, but adds, "I wasn't all *that* compromising to begin with."

In addition to her current teaching position at Bowling Green, Paul is research director and publications editor for the university's two-year-old Social Philosophy and Policy Center. She is involved at the center in ground-breaking efforts to exorcise the spirit of failed collectivism from academic publishing.

ELLEN PAUL

Under Paul's editorial direction, the center is carrying out three separate publication programs. A monograph series is written for the intelligent layman, policymakers, business people, government officials, and journalists. Each monograph addresses a policy issue, drawing out the moral principles underlying a sound resolution of that problem. Various monographs have covered federal regulation of the airwaves, the infant-formula controversy, and the assignment of property rights in coastal-water resources.

An original-paper series is a more scholarly effort with the academic audience in mind. And a soon-to-be-launched interdisciplinary journal also will be for an academic readership.

To understand the potential significance of the young Social Philosophy and Policy Center, one must first realize that Bowling Green State is the home of the Philosophy Documentation Center, which does all the bibliographic work for philosophical publishing, of both books and journals, in the English-speaking world. And the university has initiated the nation's first graduate program in applied philosophy, which studies relationships between philosophy and public policy.

According to Paul, many other organizations like the center have been successful in raising money for similar projects by promising to present both sides of issues and debates concerning the free market and government regulation. Inevitably, however, says Paul, the people involved in such projects represented traditional, interventionist ideas. The Social Philosophy and Policy Center also promises to present both sides. But Paul is trying to see to it that, for once, it actually happens.

Paul has had much opportunity to survey the academic world for signs of any movement toward individualist ideas. "In the field of economics," she says, "there's been a lot of progress, primarily because of the University of Chicago. Free-market ideas have become a lot more respectable. The same thing started happening in philosophy about 10 years ago. There are a few dozen good people coming up, and at least the arguments are taken seriously enough to be rebutted."

One strong sign of the growing academic interest in—and the respectability of—natural-rights-based philosophy is to be found in the story of the Social Philosophy and Policy Center's forthcoming journal, *Social Philosophy & Policy*. Plans for the journal had been in the works for some time when the center was contacted by England's Basil Blackwood Publishing, a prestigious publisher of scholarly journals. Representatives of the company traveled to Ohio to ask for permission to publish the journal, though they had never been contacted by anyone associated with the center.

But in Paul's own field, political science, the acceptance of individualist ideas "hasn't happened at all," laments Paul. "Free-market ideas are treated with derision in general." That's something Paul is working hard to change.

Patrick Cox is a frequent guest columnist for USA Today *and public affairs director of the Pacific Institute for Public Policy Research.*

arts & letters

MOVIES

Reviewed by John Hospers

The Star Chamber

A man has robbed and killed five women. The police obtain the gun with his fingerprints on it and finally capture him and obtain his confession. They could not legally search the garbage pail in which the gun was hidden (it was his property), so they waited until the garbage collectors had hauled the refuse into the truck before they took the gun as evidence. But the case is thrown out on a technicality: the gun was taken before the garbage had been mixed with other refuse in the truck rather than after. The man goes free and kills again. Then a man who has captured, tortured, and killed several children is similarly released. The father of one of the murdered children tries to shoot the killer in the courtroom and goes to prison for it; but the killer is released and soon kills again. These events are dramatically set forth in *The Star Chamber.*

These verdicts disturb the judge (Michael Douglas), but he has no option if he is to follow the law. If he didn't let the killer loose, the Superior Court would reverse his decision anyway. But a chance remark by another judge (Hal Holbrook) that *he* at least does something about these things intrigues Douglas, and finally he is admitted to a select group of judges who secretly carry out their own private sentences on such aggressors.

The viewer is torn: on the one hand, these criminals should clearly have been sentenced; on the other hand, if you take justice into your own hands, you go by no legally specified rules. You might even kill the wrong man. This is what happens in one instance in the film, which leads Douglas into a heroic although dangerous attempt on his own to right the wrong.

The film is a dramatic indictment of the legal system. But no alternative is presented, such as that of many European courts, which admit *all* evidence, no matter how acquired, and then indict those who gather it illegally. And like many propaganda films, *The Star Chamber* is so single-minded an attack that the cards appear to be stacked: one wonders whether most real-life cases are as open-and-shut as these. Thus the final effect is less than it would otherwise have been, even though this is a serious film dealing with an important legal problem.

THE STAR CHAMBER: Michael Douglas and Sharon Gless star in this dramatic—if imperfect—indictment of the legal system.

Risky Business

A surprise hit, and in some respects a deserved one, *Risky Business* owes much of its success to the main character, Tom Cruise (*Endless Love, Taps, The Outsiders*), who plays the high-school senior whose parents are away for a few weeks, leaving him alone in the house. The problems begin when he answers a phone ad, bringing a professional prostitute into the house; still naive, he leaves her alone there, only to find on his return that she has robbed the place. He finds her, but he likes her too much to take any action. Soon she has all her friends moved in, whoring with his male friends, and he himself turns entrepreneur and institutes a call service that makes him lots of money—which he loses to her angered pimp.

Most of the film's effects, however, come from the literate script, the tightly woven story, and the verve and élan with which the whole thing is brought off. One note that may jar academicians is the principal character's getting into Princeton University in spite of having flunked his preliminary exams, simply because he introduces the university's representative to one of the hookers.

The film may be construed as a defense of free enterprise, albeit of a somewhat offbeat variety. But more importantly it is a story of an adolescent's suddenly coming of age, with a series of incidents that could not have been explicitly shown on a movie screen even a decade ago.

The Return of Martin Guerre

The Return of Martin Guerre is set in 16th-century France, with a highly credible rendering of the atmosphere and ambience of the period. It is a fascinating story of an actual historical event.

A young man named Guerre marries, doesn't care for his wife and farm, and suddenly disappears. Nine years go by, and he equally suddenly reappears in the village—or is it instead someone resembling him? He recalls incidents by the hundreds that it would seem no one but Guerre could know; the townspeople instantly believe him, and so does his wife. But his personality is quite changed. Is he the real Martin Guerre? Doubts begin to arise; conflicting reports are heard. There is considerable evidence both ways, all of it so convincing that the viewer is inclined to change his mind each time new evidence arises. There is a fascinating series of courtroom scenes near the end, also based on historical records.

The whole thing is consummately acted and directed. There is not a moment when this film is not thoroughly absorbing.

John Hospers is the author of Understanding the Arts. *He teaches philosophy at the University of Southern California.*

BOOKS

Swimming with the Liberal Stream

Dangerous Currents: The State of Economics
By Lester Thurow
New York: Random House.
1983. 237 pp. $16.95.

Reviewed by Bruce Bartlett

Lester Thurow is the liberal's answer to Arthur Laffer, the voice of supply-side economics. Young, clever, glib, and marketable, both stand in sharp contrast to the conventional image of an economist: old, stuffy, dull, and incomprehensible.

Thurow is clearly a rising star in the liberal camp. He turns up on talk shows everywhere, inherited Paul Samuelson's *Newsweek* column, and appears regularly in the *New York Times*. Unfortunately for the liberals, however, there is much in what Thurow says that runs counter to liberal dogma. In the past, for example, he has called for abolition of both the corporate income tax and antitrust laws, among other things. But free-market advocates can take little heart in this, for he is fundamentally a liberal who supports the further expansion of government into the economy.

This seemingly contradictory attitude is amply demonstrated in Thurow's book, *Dangerous Currents: The State of Economics*. Reasonably well written, by economists' standards, what comes across most strongly is Thurow's effort to be controversial—even at his own expense. For example, in one of the best chapters in the book Thurow carefully dissects the pseudoscience of econometrics, economists' high-power statistics, although he himself has done considerable econometric work.

Lester Thurow

Thurow points out, quite correctly, the basic flaw of econometrics: in human affairs, unlike in the natural sciences, there are no constants; only variables. So one can never forecast the future using econometric techniques, beyond mere extrapolation—in effect saying that the future will be just like the recent past. All of the elaborate equations used in the major forecasting models really add nothing to their predictive value. They exist merely to give the *appearance* of precision and to break the basic forecast down into extreme detail (useful when marketing the models to business clients concerned about what the forecast means for them).

In discussing the failure of econometrics, Thurow does err in his unwillingness to give credit to members of the Austrian School of economics for making the same points years earlier. Nevertheless, anything that helps debunk econometrics—which is so often used to cook up phony numbers to justify government intervention—is all to the good.

Other portions of Thurow's book are less praiseworthy. Although Thurow does attack Keynesian economics, he does so for its reliance on the price system. Thurow argues that markets, especially labor markets, are so inflexible that virtually any form of macroeconomic policy to alter the course of the economy as a whole is doomed to failure. Thus he also attacks the other major schools of macroeconomic policy—supply-side economics, rational expectations, and monetarism—for much the same reason.

Thurow's criticism of supply-side economics is particularly shallow and uninformed. There are good arguments to be marshaled against supply-side economics (although I believe they are mostly wrong), but Thurow does not use them. His technique is largely just ad hominem ridicule and name calling. For example, he refers to Reagan's policies as a "punk" form of supply-side economics, where *punk* is defined as "extreme to the point of being bizarre," and he dismisses Arthur Laffer as a "punk" economist.

To be sure, Laffer has his faults. He has a tendency to oversimplify and has been slow to formalize his economic model, leading to charges that it consists of nothing more than napkin drawings (the legendary origins of the Laffer curve showing that total tax revenues will fall as taxes are increased, because people will work less).

But Laffer also has a list of major economic writings at least as substantive as Thurow's, and he has a far better record of economic forecasting and of producing top graduate students. Laffer's recent book, *Foundations of Supply-Side Economics: Theory and Evidence* (Academic Press). coauthored with Vic Canto and Doug Joines (former students of his), is as substantive as anything currently being produced by so-called mainstream economists. Nor can one ignore the rich heritage of classical economics upon which supply-side economics is based or the growing body of academic journal articles in support of the main points of supply-side economics.

Thurow presents no evidence whatsoever that the basic propositions of supply-side economics are wrong. All he can do is set up straw men, based on highly selective and simplistic represen-

AN UNDERGROUND LEGEND

VONU:
The Search For Personal Freedom
By Rayo
Edited by Jon Fisher

VONU
VONU
VONU
VONU
VONU
By Rayo

Rayo was an early pioneer of libertarian theory. He coined the term "vonu" (invulnerability to coercion), and discussed non-political ways and means of achieving freedom here and now. His writings appeared in the late 60's and early 70's in obscure underground journals like *Libertarian Connection, Vonulife, Protos* and *Innovator*. Now Jon Fisher has collected together the best of Rayo's articles in one easily-accessible volume. *VONU* is an excellent example of the type of thinking necessary to break free and live your own life.

1983, 5½ x 8½, 112 pp, illustrated, soft cover.

Loompanics Unlimited
PO Box 1197, Port Townsend, WA 98368

Please rush copies of VONU *to me at the following address. I have enclosed $5.95 per copy plus $2.00 for shipping and handling.*

Name_____
Address_____
City_____
State_____ Zip_____

REA93

BOOKS OF LUDWIG von MISES

NOW IN PRINT: WITH ANSWERS TO OUR ECONOMIC PROBLEMS

THE ANTI-CAPITALISTIC MENTALITY

An analysis of the illogical "envy and hatred" of those who blame their own failures on the capitalistic system.

140 pages, paper **$ 6.00** _____

BUREAUCRACY

An explanation of why the inefficiencies of bureaucracy are a necessary corollary of political activities which cannot be limited by market competitions.

138 pages, paper **$ 6.95** _____
hardcover **12.00** _____

A CRITIQUE OF INTERVENTIONISM

A translation of some of Mises' writings of the 1920s explaining how political interferences with the market processes always reduce consumers' satisfaction.

164 pages, hardcover **$10.00** _____

ECONOMIC POLICY

Published posthumously, 1979, these six lectures are a very readable introduction to the basic economic principles expounded by Mises and their relationship to the primary problems of our times.

115 pages, paper **$ 5.95** _____

EPISTEMOLOGICAL PROBLEMS OF ECONOMICS

A collection of essays that demonstrate the logical legitimacy of economics as a science of human action. This volume provides an insight into Mises' thinking that made possible his many contributions. 1981 reprint.

262 pages, paper **$ 9.00** _____
hardcover **25.00** _____

HUMAN ACTION

The most rigorously reasoned statement of the case for capitalism. The counterweight of Marx, Keynes and other proponents of government-run economies.

924 pages, hardcover **$37.50** _____

LIBERALISM (formerly, **THE FREE AND PROSPEROUS COMMONWEALTH**)

A translation of Mises' 1927 presentation of 19th century liberalism principles of limiting government to the protection of lives and peace in the market place with private ownership of the means of production and equal justice under law.

225 pages, hardcover **$ 25.00** _____
paper **9.00** _____

NOTES AND RECOLLECTIONS

A translation of Mises' personal thoughts and experiences in Europe before he fled to the United States in 1940.

198 pages, hardcover **$ 9.95** _____

OMNIPOTENT GOVERNMENT

Written during World War II, an analysis of statism in general and German Nazism in particular.

300 pages, hardcover **$15.00** _____

ON THE MANIPULATION OF MONEY AND CREDIT

A translation of some of Mises' major contributions on money, credit, inflation and the trade cycle.

350 pages, hardcover **$17.00** _____

PLANNING FOR FREEDOM (ENLARGED)

A collection of essays and addresses exploding fallacies of middle-of-the-road approaches to economics, with an unrivaled paper on *Profit and Loss*.

292 pages, paper **$ 6.00** _____

THEORY AND HISTORY

A serious and important contribution on the importance of sound ideas for both history and the future of our civilization.

393 pages, hardcover **$15.00** _____

SOCIALISM

A devastating analysis of the economic basis, moral ethics and alleged inevitability of socialism. In this famous work, Mises reveals the impracticality and impossibility of socialists' dreams. New 1981 edition.

593 pages, paper **$ 6.00** _____
hardcover **12.00** _____

THE THEORY OF MONEY AND CREDIT

Mises' first major contribution – the application of the "Austrian" subjective theory of value to money, credit and the trade cycle.

413 pages, hardcover (old ed.) **$ 8.00** _____
544 pages, paper (1981 ed.) **$ 6.00** _____
hardcover (1981 ed.) **12.00** _____

THE ULTIMATE FOUNDATION OF ECONOMIC SCIENCE

A concise presentation of the fundamental principles of a free society and refutation of popular fallacies undermining our tranquillity and prosperity.

165 pages, paper **$ 9.00** _____
hardcover **25.00** _____

NEW **NATION, STATE & ECONOMY**

NEW Translation of 1919 work pointing out policies that led to W.W.I and presenting a rational policy for "the political conditions of our time."

256 pages, paper **$ 9.00** _____
hardcover **25.00** _____

New York residents, please include appropriate sales tax . . . . . .

ON ALL U.S. ORDERS–

Toward postage and handling **$1.50**
(Foreign postage extra)

TOTAL **(U.S. funds)** **$** _____

ORDER FROM:

FMB FREE MARKET BOOKS
P. O. Box 298
Dobbs Ferry, N.Y. 10522

tations of supply-side views, and then arbitrarily reject them. Yet he cannot fully dismiss supply-side economics except by painting it with the same brush he uses against the Keynesians. The Thurow argument goes as follows: the price system only works if there is a free market. Since there is no free market, all prices are "administered" (determined by sellers rather than the interplay of supply and demand) to some degree. Therefore, any economic model based on the price system is doomed to failure.

In the end, Thurow ends up implicitly arguing for economic planning. Since the price system doesn't work and since all existing schools of macroeconomics are worthless, there is nothing left except direct controls—a thoroughly liberal conclusion, that. He does not come right out and say this, of course, but rather talks about how "there are many social reasons for not letting the economy take its natural course." No doubt, Thurow's development of a new economic model to replace the ones he has dismissed will appear in another book. In the meantime, we will just have to muddle through.

Bruce Bartlett is the deputy director of the Joint Economic Committee of Congress and the coeditor of The Supply-Side Solution *(Chatham House), a collection of recent journal articles on supply-side economics.*

A Healthy System?

The Social Transformation of American Medicine
By Paul Starr
New York: Basic Books.
1983. 514 pp. $24.95.

Reviewed by David A. Jones

The *New York Times* has billed Paul Starr's book "the definitive social history of the medical profession in America." Leaders in the profession are urging doctors to include it among their reading priorities. What is this hefty tome up to?

The Social Transformation of American Medicine comprises two books. Book I is a thoroughly researched and engaging account of long-past events that contributed to 20th-century physician sovereignty over American health care. Its account of 19th-century medical practice in America, much of it performed by family members in the home, is fascinating and believable.

Likewise, the author's account of battles for medical sovereignty by the American Medical Association fought long ago ring true and make lively reading, although Starr's criticisms of physicians' motives and conduct are plainly excessive. In general, the author is comfortable in dealing with the past, but as he seeks, in Book II, to assess the meaning of events not yet clearly defined by

the passage of time, his results are decidedly mixed.

He attempts to rationalize the nation's health-care policy of the past 50 years and to speculate about the future, which he calls "the coming of the corporation." In a nutshell, his arguments are (1) that powerful physicians in pursuit of narrow self-interests prevented government control over health care, a result he views as bad, and (2) that this led to corporate control over health care, which he asserts is worse.

These arguments are deeply flawed. Starr undervalues the motives, energy, skill, and societal contributions of physicians, which continue to assure their central role in health-care delivery systems, however they evolve. And his preconceived viewpoint turns an otherwise entertaining and useful analysis into a one-dimensional and partisan argument against consumer choice. He recognizes only good guys (liberals) and bad guys (conservatives).

Nowhere does one find a representative of the world of finite resources, in which actions have consequences. "Good guys" propose expanded entitlements to access, quality, and quantity—never asking the cost, by whom paid, or what other worthy programs must be forgone.

Missing the key point that resources are finite and open to various potential uses, the author misinterprets the manner in which our political process is responding to past health-care initiatives. Their inadequacies, well-documented elsewhere, are tax subsidies that encourage overinsuring, open-ended entitlement programs that encourage overutilization, and cost-plus reimbursement that encourages waste and penalizes efficiency. The author then concludes, in a dizzying leap of faith, that evolving political responses to those inadequacies are necessarily bad.

Actually, patients and providers have been acting as prompted by public policy in overusing health resources. Now that there has arrived a general awareness of the mischief caused by promises unaccompanied by resources, it is natural and appropriate that public policy change in response to the overlooked reality of finite resources.

This book relies heavily on other published material, offering 975 footnotes. This approach seems to have limited the author's time spent with patients and providers learning what's happening in the world of consumer preference and political action. Also, reliance on so many sources, not surprisingly, produced at least a few serious errors.

For example, Starr asserts that hospitals can boost their Medicare reimbursement by "unbundling" profitable ancillary services into separate corporations. But this is untrue—related corporations are treated as one for purposes of Medicare reimbursement.

The assumption that tax-exempt private hospitals can and do provide "free" care is fanciful. All private hospitals, including tax-paying ones, provide care to nonpayers only by increasing their charges to those who pay (America's workers, who pay for all health care, public and private). Starr has apparently confused tax-exempt private hospitals with public hospitals, which appear to offer "free" care but actually receive payment from taxpayers.

The assertion, very important to Starr's argument, that tax-paying hospitals have higher costs is flatly contradicted by studies of certified Medicare cost reports (which are filed by each hospital, containing comparable data in identical format). One recent study showed that three tax-paying hospitals in a medium-sized city admitted 27 percent of all the city's patients last year, while receiving only 23 percent of net revenue. Eight tax-exempt hospitals cared for the other 73 percent, receiving 77 percent of net revenue.

In summary, the author's fixed viewpoint and overreliance on unverified sources lead him to the remarkable conclusion that greater public control will improve consumers' access to health care and the quality and quantity of care received. All evidence suggests otherwise.

David A. Jones is chairman of the board and chief executive officer of Humana Inc., one of the leading investor-owned hospital firms.

Heroic Excellence

Mindspell
By Kay Nolte Smith
New York: William Morrow.
1983. 311 pp. $13.95.

Reviewed by Bruce Powell Majors

Ayn Rand is no longer. Yet the ideas of the philosopher-novelist live on, inspiring writers, thinkers, activists.

Among fans of the Randian novel there is a good deal of interest in the published novels of her past associates. One of these is Kay Nolte Smith, a former actress who was once the main film and theater critic for Rand's journal, *The Objectivist.* Smith is the author of a number of short stories and recently published her third novel, *Mindspell.* Her work has won awards and acclaim from the mystery writers' establishment and the appreciation of novelists Andrew Greeley and Robert Bloch.

Is Smith's work "in the Randian tradition"? But this raises another question: What is that tradition?

There are many ways to go about answering this question, but all lead to the same answer. To pursue one way, consider with whom Rand the philosopher most closely identified herself: Aristotle. Rand's philosophy, to a large degree, is an updated or modified Aristotelianism. But as anyone familiar with Rand's fiction and nonfiction realizes, Rand the novelist and Rand the philosopher cannot be divorced. Rand the philosopher called for the abandonment of modern philosophy and the revival of classical philosophy, or at least of its concerns. Rand the novelist called for the abandonment of Christian culture, or as she put it, "the cultural traditions of the past 2,000 years," and a revival and transformation of the heroism of Greek, especially Homeric, culture.

Rand sometimes alluded to this in her frequent references to the Prometheus legend. Prometheus was the Olympic god in Greek mythology who gave fire to men, against the orders of Zeus, the king of the Olympic gods. For disobeying his orders, Zeus punished Prometheus by chaining him to a mountain where vultures were daily allowed to feast on his immortal and eternally regenerating body.

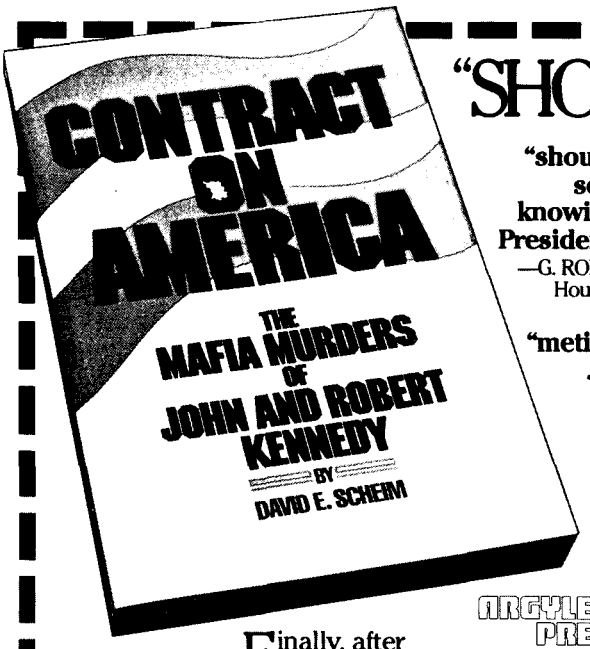
Greek myths, poems, and plays are full of this kind of story. The protagonist commits an act of *hubris*, stepping outside the natural (or divine) order, and is punished as a result.

A special case of stepping outside the order of things is the case of being good at something, so good that one excites the envy of gods or humans. And within this case there is the more special case of being good at the particularly human virtue, reason, or any of its offspring: science, technology, entrepreneurship, or art. The Prometheus myth itself falls into this category, since fire is both illumination (the beginning of knowledge) and the basis of technology.

Heroic literature begins when the tables are turned on the envious gods. Human beings are portrayed as both capable and worthy of the excellences previously allowed only to the superhuman. Homer initiated heroic literature with the *Iliad* (a work constantly cited by Aristotle) by allowing his hero, Achilles, the strongest, swiftest, and most beautiful of the Achaeans, to disobey an aging and envious king, Agamemnon. Although Achilles does die on the battlefield, he is not reduced to obedience, and he, unlike the rulers who envy his natural excellence, is praised and remembered long after his death.

Rand continued this heroic tradition. The order out of which the Randian hero or heroine steps is mass society, mediocrity, everyday life; the envious are no longer gods and kings but egalitarian politicians and next-door neighbors; the heroes and heroines are no longer primarily warriors, representatives of the animal or bodily excellences, but representatives of excellence in the particularly human power, reason.

Thus, the essence of the Randian novel is to pit excellence against envy—and, unlike tragedy, to show why the excellent can win. And in this sense Smith continues the Randian tradition.



"SHOCKING!"*

"should be read by anyone seriously interested in knowing what happened to President Kennedy in Dallas."
—G. ROBERT BLAKEY, Chief Counsel, House Assassinations Committee

"meticulously documented ...a worthwhile book."
—Washington Monthly

"I was glued to every page. The revelations about Eugene Cesar are truly shocking."
—*DANIEL SELZNICK, Producer, "Blood Feud"

Finally, after twenty years—compelling, hard evidence of the long-suspected Mafia conspiracy to murder President Kennedy... Plus explosive new disclosures on the RFK killing, and a searing look at ongoing Mafia butchery and plunder of America.

ARGYLE PRESS · paperback · 483 pp.

TO ORDER: send $10 plus $1.50 for shipping to: **Argyle Press,** Box 3215/NR, Silver Spring, MD 20901

or call **800 638-2000** 24 hours for VISA/MC order or trade inquiry (in MD, call 301 933-4801)

name

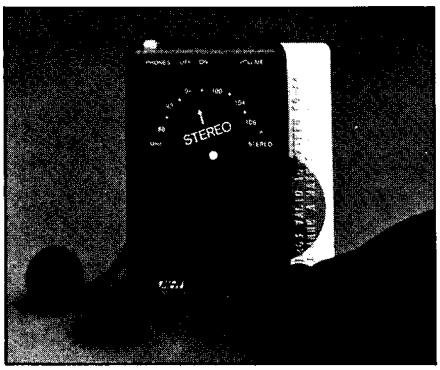
address

distr. by Baker & Taylor ISBN 0-9610272-0-7

TOOLS FOR LIVING®

A COLLECTION OF FIRST CLASS CONTEMPORARY MAILORDER PRODUCTS

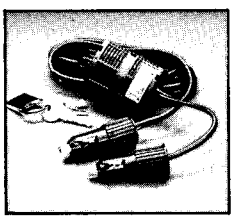
Tools for Living is a national mail order company offering new and unusual products to more than 30 million readers each month. People are attracted by the reliability of our information, the value of the products and the ease and convenience of shopping with us by mail — with satisfaction guaranteed.



SHIRTPOCKET STEREO

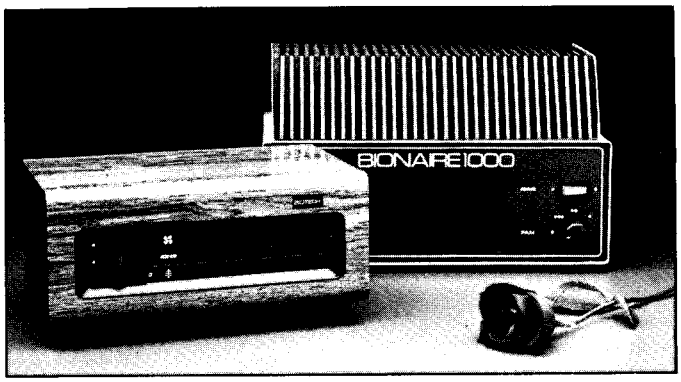
The electronics of everyday life continue to shrink at a rate to surprise even Alice in Wonderland. The latest bit of evidence is an FM tuner the size of a credit card, so small it slips right into a shirt or vest pocket. It weighs all of 3 oz., earphones included, and is ½" thick. It performs like a tuner many times its size and will fill your head with clean-cut full-bodied sound. The specs tell the story: Frequency response from 330-15000 Hz. Under 1% total harmonic distortion. 30 milliwatts per channel. Sensitivity 15db. Full band width frequency range 88-108 MHz. State-of-the-art circuitry. Padded microearphones with samarium-cobalt magnets and 46" cord fit comfortably inside the ear. On/Off switch. Volume control. LED stereo indicator. The radio is powered by 2 AAA batteries (not included). It comes in a simulated leather drawstring pouch for only **$29.00** ($2.95) #A873.

EASY CHARGE



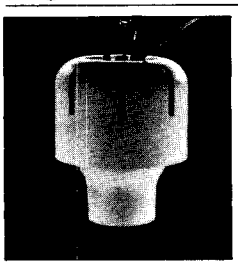
Your car battery is dead. How would you like to recharge the battery and start the car *without ever even opening the hood?* Sound impossible? It's not, thanks to the Easy Charge. With traditional jumper cables you have to maneuver a second car fender-to-fender with the disabled car, open both hoods, and attach leads from battery to battery. The Easy Charge simplifies this process brilliantly by substituting connection from cigarette lighter to cigarette lighter. You just plug one end of the Easy Charge into the lighter of a running car, pass the 16' cord through both car windows and insert the other end in the lighter of the disabled car. After a few minutes' wait the battery is recharged sufficiently to restart the car. The Easy Charge is small enough to fit in the glove compartment. **$20.00** ($2.95) #A629. Two for **$37.00** ($3.95) #A6292.

FRESH AIR MACHINES



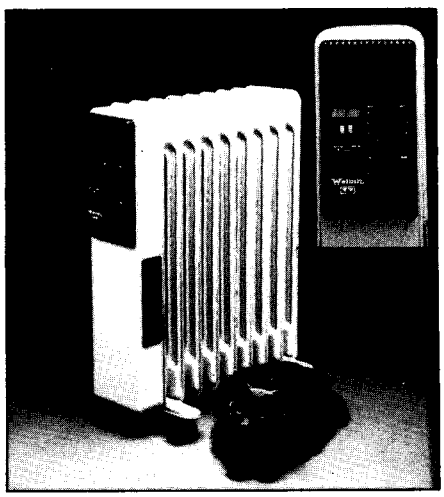
Air pollution doesn't politely stop at the front door — it follows you right inside where it can be a real problem. The Bionaire 500 is like moving a mountain breeze indoors. It removes 99% of all particulate pollutants from the air — goodbye to soot, dust, animal dander, pollen, cigarette smoke, smog, molds and fungi. The newly developed electret filter removes particles as small as 1/10,000 the thickness of a human hair. The Bionaire 500 cleans 45 cubic feet of air a minute, the average room three times an hour. It includes a switchable ion generator — negative ions are well-known for their presumed psychological good effects, creating a sense of well-being. A switchable fragrance dispenser allows you to add a fresh scent to the air when you wish. The Bionaire 500 measures 11" x 7" x 5", uses only 45 watts energy, comes in a smoothly styled hard plastic case with woodgrain finish. The Bionaire 500 costs **$125.00** ($9.95) #A822. A larger model 1000 has three speeds instead of two and cleans 118 CFM of air. This unit measures 14" x 8" x 8½" with a lifetime steel housing. The Bionaire 1000 costs **$275.00** ($12.95) #A823. Both models are UL-listed and carry 1-year limited warranties.

DESTRATIFICATION DEVICES



Still air stratifies, sitting in layers according to temperature, cold at the bottom, warm at the top. An average home may show a 10° or 15° temperature difference between floor and ceiling. The Strato-Jet is a new type of ceiling fan that de-stratifies the air with less fuss and draftiness — and at lower cost — than the typical overhead fan. The Strato-Jet creates a low-velocity airflow that sets up a natural convection current to circulate room air gently and continuously. The Strato-Jet fans are whisper quiet, unobtrusive and a snap to install. The Strato-Jet comes in 2 sizes. The smaller model (shown above) is for an average-sized room (up to 200 sq. ft.) with 8' ceilings. The unit is 6" diameter by 7½" deep, and costs **$40.00** ($3.95) #A660. The larger model serves rooms up to 400 sq. ft. and ceilings up to 16'. It measures 10" diameter by 12" deep, and costs **$75.00** ($4.95) #A661. Both are UL listed and carry 1-year warranties.

LICENSED TO UNZ.ORG



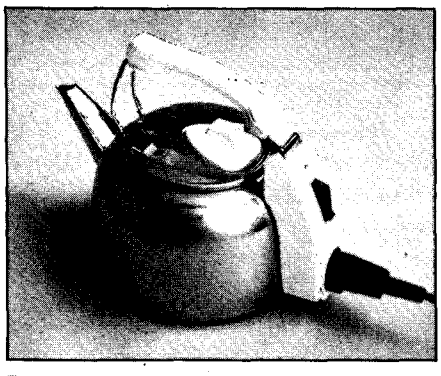
PERFECT TIMING

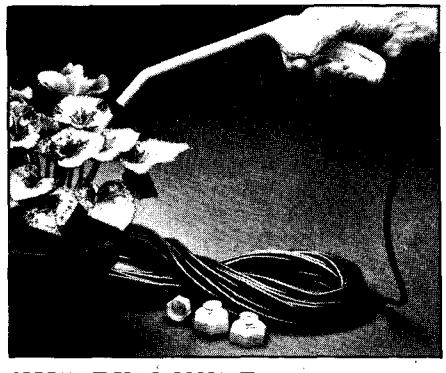
Here is an unusual heater that not only gives you heat exactly where you want it, but also precisely when you want it. The secret is the built-in timer — it lets you program the heater to go on and off automatically in 15 minute intervals day or night. It's especially nice to have the bedroom or bathroom warm before you get up! This heater is made by Welbilt and has three heat settings (600w, 900w and 1,500w) providing a maximum of 5,100 BTUs at the highest setting. It's filled with a special diathermic oil that never needs replacing. A built-in thermostat responds to room temperature automatically, but the unit never gets dangerously hot, making it perfect for a child's bedroom or playroom. The Welbilt heater is all-steel and comes in a neutral off-white color. It weighs just 37 lbs. and is UL listed. For all its safety, automatic functions and portability we believe the Welbilt is a sensible investment at just **$115.00** ($12.95) #A885. An identical model without the timer costs **$89.00** ($12.95)#A886.

TOOLS FOR LIVING®

A BETTER WAY TO BOIL WATER

You still need heat, there is no way around that. But the Russell Hobbs automatic kettle, made in England, supplies the heat in a clearly superior way. The large heating element brings 2 quarts of water to a full boil in a matter of minutes. When the water boils, the kettle shuts off automatically. All the nice touches are here: a top that vents steam away from the handle, a lid that doesn't tipple as you pour, a wide-mouth top for easy cleaning, a nickel-coated heating element that resists mineral build-up, a safety switch to prevent damage if the kettle is switched on empty. We think it is worth every penny of **$55.00** ($4.95) #A862. Quality pays in dollars and sense — you get a long life (1-year guarantee), energy efficiency and safety (cannot boil dry). The kettle is available in polished stainless steel with white fitments.



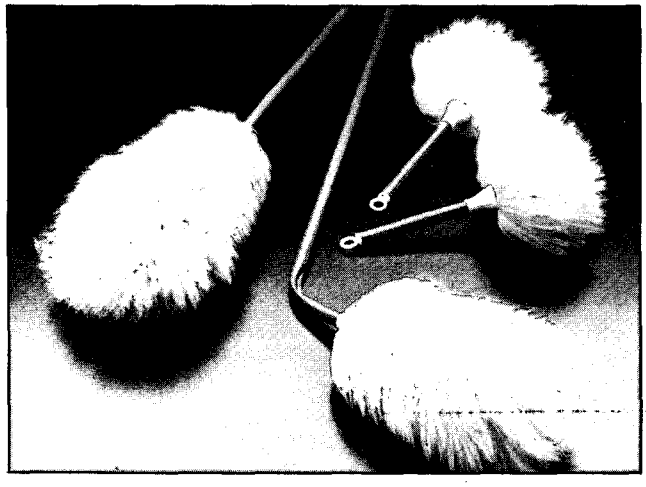


WATERING WHIZ

Do your houseplants run you ragged, back and forth, trip after trip, watering can in hand? There is an easier way: with an indoor garden hose you can water them all in a single trip. Think of the steps waiting to be saved! This 50′ (that is a lot of reach) vinyl hose comes complete with a set of four adaptors that readily attach to most indoor and outdoor faucets. From there you just take the water where you want it, an easy-control handle allows you to turn a splashless stream of water on and off as needed. This indoor hose comes with a snap-in misting attachment, so after you water the roots you can spray the foliage and wash away the dust accumulation that impairs a plant's health as well as its beauty. The indoor garden hose kit costs just **$11.00** ($1.95) #A681. Two for **$19.00** ($2.95) #A6812.

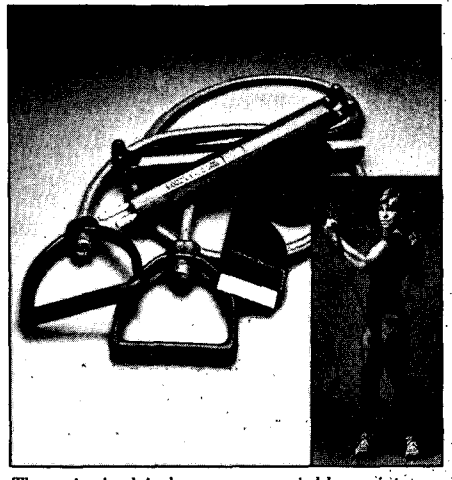
DUST-MAGNETS™

If we ever compile a book on *The Old Ways That Were Better Ways,* we will certainly include a chapter on lambswool dusters. On its own lambswool actually attracts and holds dust like a magnet. The static charge in the wool causes dust literally to leap off surfaces where it has accumulated, making these dusters just the thing for dusting bric-a-brac, china, crystal, pictures and other fragile items. Recently we were introduced to two exciting new versions of our old time favorite, the mini-duster and the bent-handled duster. The standard 27″ long duster costs **$7.00** ($1.95) #A780; the bent-handled model is **$8.00** ($1.95) #A781; two mini-dusters cost **$8.00** ($1.95) #A794. We can send you the entire group, a total of four dusters, for just **$16.00** ($2.95) #A783.



PUMPING RUBBER

The Lifeline Gym may well revolutionize the exercise business. Quite simply it is the most space efficient, time efficient, cost efficient home fitness device on the market today. It allows you to simulate just about any of the exercises done on the expensive machines found in the health spas and gymnasiums. Yet it fits in an attache case, can be used at the office or in a hotel room as well as at home, and in 15 minutes a day provides a total workout. The reason is rubber — a stretchable rubber cable of the type used to stop planes landing on aircraft carriers. With this rubber cable, resistance increases with movement. This compensates for normal inertia and leverage gains, so your muscles are challenged through their full range of movement.



The principal is known as *variable resistance* and it is at the heart of those fancy exercise machines. But the rubber is more effective yet. Because you have to resist its tendency to snap back on the return move, you gain a double benefit from your effort. You overcome positive *and* negative resistance in the course of each exercise. The Lifeline Gym is adjustable for individual strength levels and for different body-shaping intentions. The Lifeline Gym comes with its own 8″ x 17″ carrying case and illustrated instruction/exercise book for only **$36.00** ($3.95) #A748.

ORDERING INSTRUCTIONS AND GUARANTEE: *We ship via United Parcel Service wherever possible to insure prompt delivery. The price of each item is shown followed by its shipping and handling charges in ( ). Be sure to add the item price* ***plus*** *shipping and handling charges for each item ordered to arrive at the* ***total price*** *of each item. If you are not satisfied for any reason, return the article to us within 30 days, and we'll exchange it or refund the cost, per your instructions.*

TOOLS FOR LIVING — FOR FASTER SERVICE ON CREDIT CARD ORDERS — © ISP, Inc.

DEPT. RSL03; 400 S. DEAN ST.; ENGLEWOOD, NJ 07631 — PHONE OUR 24-HOUR TOLL-FREE NUMBER: **800-228-5505**

SEND TO (PLEASE PRINT)	ITEM NO.	QUANTITY	DESCRIPTION/COLOR	ITEM PRICE	SHPG. & HNDLG.	TOTAL PRICE
ADDRESS						
CITY STATE ZIP						
ENCLOSED IS A CHECK OR MONEY ORDER FOR $ PAYABLE TO **TOOLS FOR LIVING.**						
☐ MASTERCARD ☐ VISA ☐ AM. EXPRESS EXP. DATE						
ACCOUNT #	ENCLOSED IS $1.00 FOR YOUR NEW **TOOLS FOR LIVING** CATALOG.					
SIGNATURE					**TOTAL AMOUNT**	

(Sorry, we cannot handle Canadian, foreign or C.O.D. orders.) Please allow 30 days for delivery from our receipt of your order.

In *Mindspell*, Smith takes her mythological bearings not from the Greek but from the Judeo-Christian tradition. Her heroine is associated with a witch, or wise-woman, who was one of her ancestors. This points to the myth of Eve, the Judeo-Christian analogue of the Prometheus legend. As Prometheus brought fire (science/technology) to humankind and was punished by the Greek king of the heavens, so Eve brought knowledge (the fruit of the tree of knowledge) to humankind, and she and her descendants were cursed by the Judeo-Christian king of the heavens.

Mindspell is the story of Cayla Hayward, a businesswoman who is the chief executive of Hayward Industries, a company that produces pharmaceuticals and engages in biochemical research. As the story begins, Hayward Industries has just performed a successful *in vitro* fertilization and genetic engineering, the latter an "operation" on the chromosomes of a four-celled human embryo to cure it of a hereditary illness, Tay-Sachs disease, which occurs only in Jews. (As Eve brought us the fruit of knowledge, so Cayla Hayward brings us knowledge of how to be more fruitful.)

This research and experimentation is a hot topic of political debate (both in this novel and in the world today). Should life forms be patentable private property? Should humans be allowed to tamper with God's work? Should research be done for a profit? Shouldn't parents be forced to accept their own barrenness, or their children's congenital deformities, if God intended them? Smith has a little fun with conservatives' and the liberals' similarity in their desire to limit freedom only to the activities of which they approve.

Just as Congress begins to hold hearings on whether or not to restrict or outlaw this research, skeletons begin to fall out of the Hayward family closet. In 1643, a Scottish ancestor of the Haywards (who live in New York and Connecticut) was burned at the stake for being a witch after being accused of witchcraft by her nieces. She left a letter before her death, expressing her sorrow and anger and saying that if she were a witch, she would curse all her nieces' female descendants to be witches and suffer the tortures she has suffered.

Of course, historically, Kella Hagaward (the Scottish ancestor) and others accused of being witches were simply people who collected herbs and prepared home remedies. As such, however, they were threats to religious competitors in the business of supplying advice and comfort. Individual humans—particularly socially marginal humans like women, widows, or the elderly—should not aspire to improve on the works of God, church, or state. But Kella Hagaward's true historical status as healer and victim (not villain and witch) does not save Cayla Hayward from the ravings of the fundamentalists when they learn that one of these "atheistic scientists," attempting to "play God" with human genes, has been cursed by an ancestor to be a witch.

Cayla's predicament pushes her close to the limits of sanity—mindspell. Why are all the other women in her family either "crazy or lazy"? Why have so many been institutionalized or died at an early age? Is it the death curse of a witch? Is it bad blood? Is it patriarchal conditioning that has forbidden these Eves to gather fruit, to be active in the world?

Mindspell is a wonderfully entertaining mystery. Despite my comparison of Smith and Rand, they are not alike in all ways, and the prospective reader should not expect this. Each has her own virtues. Smith's novels are far less panoramic and shorter in length. And while the Randian protagonist enters the novel possessing a complete self-confidence or a perfect understanding of the world, Smith's characters are always still growing and learning. Ayn Rand showed us what human beings ought to be, but perhaps Kay Nolte Smith shows us more about how they can become so.

Bruce Powell Majors is a free-lance writer.

Too Much Mail Can Be Irritating . . .

On the Other Hand, Some People Love It!

Whichever way you feel, you can help us accommodate you. REASON makes its list of subscribers available to selected organizations whose products, services, or activities might be of interest to you. We do a lot of direct mailings ourselves, and we believe in the legitimacy and importance of such marketing efforts.

But if you wish to have your name restricted from such use, please fill in the information below EXACTLY AS IT APPEARS ON YOUR MAILING LABEL on the cover of REASON. Or attach the mailing label itself to the coupon and return it to:

Box 28897
San Diego, CA 92128
Attn: Mailing Lists

☐ **Please remove my name from your mailing list.**

NAME

ADDRESS

CITY STATE ZIP

The Monster That Ate America

The Fed: Inside the Federal Reserve, the Secret Power Center That Controls the American Economy
By Maxwell Newton
New York: Times Books.
1983. 323 pp. $17.65.

Reviewed by John McClaughry

New York Post financial columnist Maxwell Newton is not happy with the Federal Reserve system, and this polemic against the Fed could well have been subtitled "The Monster That Ate America." The Fed, claims Newton, "has proven a highly destructive force in the economic and financial affairs of America. It has been the unique source of America's financial crisis today. . . . Single-handedly it has brought economic growth in the United States to a halt."

In support of this condemnation Newton displays an impressive array of facts and figures. What it comes down to is approximately this: The Fed is a body surrounded by a self-generated aura of independence from the nation's political processes. Its seven governors serve 14-year terms. They have enormous

leeway to employ the sweeping powers conferred upon the Fed by Congress in pursuit of whatever goals they find desirable. Those powers include the power to create money out of thin air through credit purchases of securities in the marketplace, to lend money at below-market rates to member banks, to require banks to maintain non-interest-bearing reserves in the Fed's custody,

Maxwell Newton

and to enforce countless regulations of the banking industry.

In exercising these powers until October 1979, the Fed bought securities from the banking system in an attempt to keep key interest rates within a narrow range. This, however, generated massive increases in the money supply, which in turn signaled increasing inflation, the fear of which put sharp upward pressure on interest rates, which required the Fed to create even more money to keep interest rates within its prescribed range.

Although, in a celebrated action, the Fed then disavowed stabilization of interest rates and embraced stabilization of the money supply as its guiding policy, Newton shows how in practice the old policy crept in through the back door. Three years later, in October 1982, the Fed abandoned its money-growth targets, muttering excuses about "financial innovation" making it too difficult to keep track of monetary aggregates.

Newton correctly brands the 1980 banking deregulation act a "vicious" and "abominable" piece of regulation. This act sucked all depository institutions into the Fed's regulatory web, not just the larger member banks, and imposed a substantial tax on them through non-interest-bearing reserve requirements. This envelopment of previously excluded banks, savings and loans, and credit unions was a desperate effort to maintain the Fed's control of money in an economy steadily inventing new money substitutes precisely to escape government regulation.

Newton fails to mention one of the most calamitous provisions of the act—the section now allowing the Fed to use even worthless foreign government securities as collateral for a flood of new money. This provision may soon become useful to the Fed in escorting the nation's largest banks through their self-made Third World debt crisis, at the expense of everyone else.

Mexico, for example, could issue worthless peso bonds to its US bank creditors. The banks would then sell the bonds to the Fed at an unrealistically high exchange rate. The Fed would credit their reserve accounts, and the banking system would translate the higher reserves into another inflationary surge. When the Mexican bonds eventually defaulted, the Fed would simply create more inflationary money. The original lending banks would long since have gotten off the hook.

Newton offers a clear explanation, too, of a crucial point. Unlike the old days (before 1963), the production of new money by the Fed no longer works to lower interest rates. After a decade and a half of wild inflation and uncertainty, traders in the financial market now react differently from the classic model. They see the creation of new money not as an increase in supply that eases interest-rate pressure but as a forerunner of a new inflationary burst. So they respond to money creation by demanding higher interest rates to protect against the expected inflation.

But with all of his facts and figures, all of his incisive indictments of the Fed's behavior, and all of his accurate descriptions of the effects of monetary uncertainty on the nation's economy, there are certain points in Newton's work that are confusing, to put it mildly.

Consider the vaunted "independence" of the Fed. Newton writes that "one of the most important single justifications of the so-called independence of the Federal Reserve was and is to remove it from control by the administration and thus to oblige the administration to finance its expenditures by taxation, rather than by demanding cash from the Federal Reserve." On the final page of the book, however, Newton looks with favor upon the incorporation of the Fed into the Treasury Department, so that "monetary policy could be integrated with the other economic policies of the administration." What makes Newton think this will lead to more-responsible behavior? The only possible improvement would be that the president could then be held responsible for the Fed's er-

THE PROMETHEAN THEATRE COMPANY

Theatre for the Objectivist

MAGGIE KULIK'S

Flying High

A Romantic Comedy

NOV 1-6

TOMI Theatre, 23 W. 73, NYC

Call 212-719-9812

701 7th Ave, 9W, NYC 10036

Ask about our subscription rates.

THE RIGHT TO BE GREEDY

"The present forms of greed lose out, in the end, because they are *not greedy enough.*"

"Intelligence ends where morality begins. Morality ends where intelligence begins. Every moral is a psychic totem, a mental fetish-object, before which the moral fetishist subordinates himself, bows down, and offers sacrifice — indeed, offers *himself* in sacrifice. Every ideal is separated subjectivity; a part of the self separated off, ejected, frozen, and held *over* the rest of the self."

"In the end, egoism is our only friend; in the last analysis, greed is the only thing we can trust. Any revolutionary who is to be counted on can only be in it for *himself*—*un*selfish people can always switch loyalty from one projection to another."

The Right To Be Greedy

1974, 5½ x 8¼, 94 pp, soft cover.

Loompanics Unlimited

PO Box 1197, Port Townsend, WA 98368

Please rush copies of The Right To Be Greedy *to me at the following address. I have enclosed $5.95 per copy plus $2.00 for postage.*

Name_____

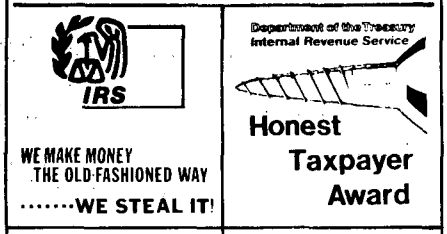
Address_____

City_____

State_____ Zip_____

REA93

LIBER–TEES ®
a catalog of
LIBERTARIAN
T-SHIRTS
(all designs © BMG. '83)



Print & Shirt Colors are
Appropriate to Design.

SEND: $ 7.95 For 1
$14.95 For 2
$19.95 For 3
(includes postage & handling)
What Size?
Or Send For Our
FREE CATALOG

TO: Blue Mt. Graphics
125 Liberty Street
Allentown, PA 18102

rors, but that is small comfort when one contemplates the possible magnitude of the errors.

Then there is the matter of zero money growth. Newton thinks this is the "ideal arrangement." Three hundred pages earlier, however, he describes the May–October 1981 period of zero money growth and ruefully observes that "the American economy collapsed, under the influence of money starvation." Then he hastens to add that he doesn't think that this freeze-and-collapse scenario indicated any kind of mistake by the Fed. He only wants to show that zero money growth will reduce interest rates. So, one might add, will a total collapse of the economy.

Like all monetarists, Newton is convinced that there is something out there that can be measured and called "money." For him, it is M1, the sum of cash and checking accounts in the nation's banks. Others have made the point that, with the many new varieties of money substitutes now in increasing use (largely as a result of the market's need to escape economically foolish and burdensome government regulations), controlling M1 alone is a fool's errand, and trying to control everything leads to a Soviet-style controlled economy.

Not so, says Newton. If M1 becomes an inaccurate indicator, the Fed can simply adjust its M1 growth targets to compensate. So Newton ends up at the same place as those whose every action for the past 15 years he finds defective. If the Fed can't hit its targets, well, then, define some new targets.

Newton is profoundly uninterested in gold or any other economic mechanism for disciplining the money-creation machine. Indeed, the existence of gold is barely mentioned in the book, and reading *The Fed*, one would have no reason to suspect that the ending of gold convertability had anything at all to do with the Fed's subsequent running wild.

On one page of his book—the last—Newton decides that the "incorrigible" Fed should be eliminated. He notes correctly, but so briefly as not to persuade the uncommitted, that the Fed's principal functions either could be provided by the marketplace or would be better left unprovided. He cites Hong Kong and 19th-century Scotland and America as places where economic growth took place without the benefit of a central bank.

But his argument seems too tentative and far too brief. One gets the impression that his death threat against the Fed is only a tactic to pressure it to adopt the monetarism Newton so enthusiastically embraces.

The lack of any historical treatment of the Fed, the ignoring of the role of gold, and the confusion about remedies mar Newton's work. But as a trenchant commentary on the failures of the Fed over the past two decades, *The Fed* is useful and, indeed, devastating. If it persuades its readers that there has to be a better way, it will have served admirably in accelerating a vital national debate. Max Newton's brays are bonny, if not his proposals for change.

John McClaughry is a former policy adviser to President Reagan.

A Strike at Government Monopoly

Public Employees, Unions, and the Erosion of Civic Trust: A Study of San Francisco in the 1970's
By Randolph H. Boehm and Dan C. Heldman
Frederick, Maryland: Aletheia Books. 1982. 265 pp. $25.00.

Reviewed by Robert L. Bish

Randolph Boehm and Dan Heldman provide a detailed documented history of labor relations in San Francisco during a period of unprecedented conflict that included strikes, violence, and vandalism by city employees. It is an extremely useful presentation and provides considerable insight into urban politics and local-government labor relations. The picture that emerges is especially interesting because it is also subject to an interpretation different from the authors' emphasis.

In laying out their framework, Boehm and Heldman describe how public-sector unionism differs from that in the private sector because of the monopoly position of local governments. It is this monopoly position, where citizens have no close substitutes for local-government services and governments have the coercive power of taxation, that is said to give public-sector unions a much stronger bargaining position than that held by private unions. This difference between the public and private sector, however, *does not* appear to this reviewer to be the major source of problems in San Francisco.

The two major sources of problems in San Francisco appear to be incompetent fiscal management and corrupt politics—both of which created an environment of frustration for some public employees and in turn contributed to the divisiveness and violence of the strikes. Incompetent fiscal management was illustrated throughout by the inability of the city government to calculate accurately the impacts on the city budget of wage and fringe-benefit settlements. Initial estimates were often changed in the middle of negotiations, and even public officials who would have liked to develop a fair bargaining position were undercut by the city's lack of fiscal credibility.

The second, and most important, source of problems can best be described as political corruption. What emerged under Mayor Alioto was a coalition with craft unions whereby union officials and allies were appointed to the civil-service commission and other bodies involved in labor decisionmaking. It appears that in exchange for the craft unions' political support of Alioto's bid for the governorship and higher political offices, city craft-union employees received pay and fringe-benefit increases much greater than those of comparable private-sector employees, employees in other local governments, and other employees in San Francisco.

For example, in San Francisco, craft-union members such as street sweepers were paid much more than city police officers or fire fighters. These disparities became especially aggravating as inflation eroded the salaries of some employees while others continued to receive large increases. Even as the city became fiscally stressed, excessive wage and benefit settlements for some employees continued. This is the setting within which the police force and fire fighters engaged in strikes and violence and sanitation workers let untreated sewage flood San Francisco Bay.

Documentation of problems and issues surrounding labor relations in San Francisco is more extensive than can be conveyed in a brief review. Still, several very strong impressions emerge from Boehm and Heldman's analysis.

First, any mechanical formula for wage and fringe-benefit determination, such as private-sector comparability, can be manipulated. Manipulation is especially easy when union officials can write private-sector contracts to result in maximum public-employee benefits. Thus, wages are always going to be subject to negotiation and interpretation.

Second, both elected officials and the general public must have available good financial data in order to understand the implications of settlements. Without such data, manipulation becomes much easier and bargaining much less credible.

Third, in political decisionmaking there is always an opportunity for exploiting the system—as was done by Mayor Alioto and his allies.

Recognizing these constraints, the authors consider the fundamental question of who has the authority to levy taxes and determine public expenditures. Historically, citizens and elected officials have possessed this responsibility. But once public-sector workers have the legal authority to organize and to engage in negotiation, a dilemma appears: If strikes are outlawed, compulsory arbitration is required, which in turn means the arbitrators will make decisions binding on governments and hence supersede public officials' expenditure authority. Or, if strikes are permitted, disruption in the provision of services will result. Neither of these are ideal alternatives; but if workers are to have a voice in employment conditions, the alternatives are unavoidable.

Boehm and Heldman end their analysis without answers to the dilemma posed by public-sector unionism. I think, however, that their initial proposed model—that the monopoly position of governments makes strikes too disruptive and hence unions overly powerful—has itself blinded them to important evidence in their own work: that citizens *can* find substitutes for local-government services. For example, the authors describe how citizens coped with strikes and how supervisory employees, private firms, and volunteers can be organized to provide essential services as long as secondary boycotts are made illegal for public employees, as they are for private-sector employees.

Once the possibility of substitutes is recognized and planned for, the balance of power in public-employee negotiations shifts to the employer, who, unlike a private firm, continues to receive revenues while strikers are without income. Thus, while inconvenience may result from a strike, that inconvenience may be a smaller price for citizens to pay than to surrender the decisions on the largest expenditure for local government—wages—to outside decisionmakers. Then if arbitration, instead of permitting strikes, proves necessary for one or two classes of employees (such as fire fighters), the bounds for arbitrated awards are likely to be much narrower, because most public-sector labor settlements would have been achieved voluntarily.

In summary, Boehm and Heldman's analysis provides valuable insight into both urban politics and the problems of local-government labor relations. One should be prepared, however, to step beyond their own introductory framework, which has not led them to solutions to the dilemmas they pose, and instead to consider their own wealth of evidence and detail in a broader context in hopes that some intellectual progress in this important area will be forthcoming.

Robert L. Bish is a professor in the School of Public Administration at the University of Victoria in Canada.

THE FIRE WITHIN
by Joe David

"(The novel) which exposes public 'education' for the fraud it really is-a coercive institution of indoctrination," says Alicia Patti for Libertarian Digest.

Why can't students think? **Why** do they drop out? **Why** does the government encourage this? And **what** is the solution?

Discover the answers in this paced, incisive, controversial novel about a fearless teacher who attempts to teach by igniting **THE FIRE WITHIN.**

For your copy, write:
Books For All Times, Inc.
Box 2
Alexandria, VA 22313

Please send me ___ softback copies at $4.95 each and ___ hardback copies at $10.95 each of **The Fire Within** by Joe David. Add $1.50 for postage and handling, plus 4% tax for Virginia residents. Visa, Master Charge, and money orders get prompt service.

Name _____
Address _____
City _____ State _____ Zip _____
Visa/MC# _____ Exp. _____
Signature _____

LETTERS

(Continued from p. 9)
higher than the marginal productivity of capital, because then the owners of capital goods have the incentive to sell out and invest the proceeds in bonds.

Moreover, to propagate such an ill-conceived theory is a great disservice to the readership of REASON. Innocent people may be lulled into a sense of false security by the siren sound from his columns. Instead, the readers should be told that the dragon has not been slain—far from it: that the 20 percent prime rate was not a sign of calm seas and prosperous voyage or firm helmsmanship, but a mayday call, allowed to fall on deaf ears; that not a single problem of the US economy and of the US monetary system has been solved; that the debt is out of control, and the banks can only balance their assets against their liabilities through legalized fraud, in putting arbitrary and fancy values on their assets. Under these circumstances, it is hypocritical to pretend that the country has brought its "cheerfully immoral but rarely irrational" politicians back to their senses and to congratulate ourselves for having clipped the inflationary wings of the Fed.

A. K. Fekete
American Institute for Economic Research
Great Barrington, MA

Mr. Bethell replies: As I see it, Professor Fekete's second sentence does little more than restate the first in a slightly different way. And I cannot agree that interest rates rise "only in response to the Fed's sluggishness in picking up bonds dumped by worried bondholders." In the very short run, the federal funds rate does react that way; but in the long run what worries bondholders is the eagerness with which the Fed buys bonds, not its reluctance.

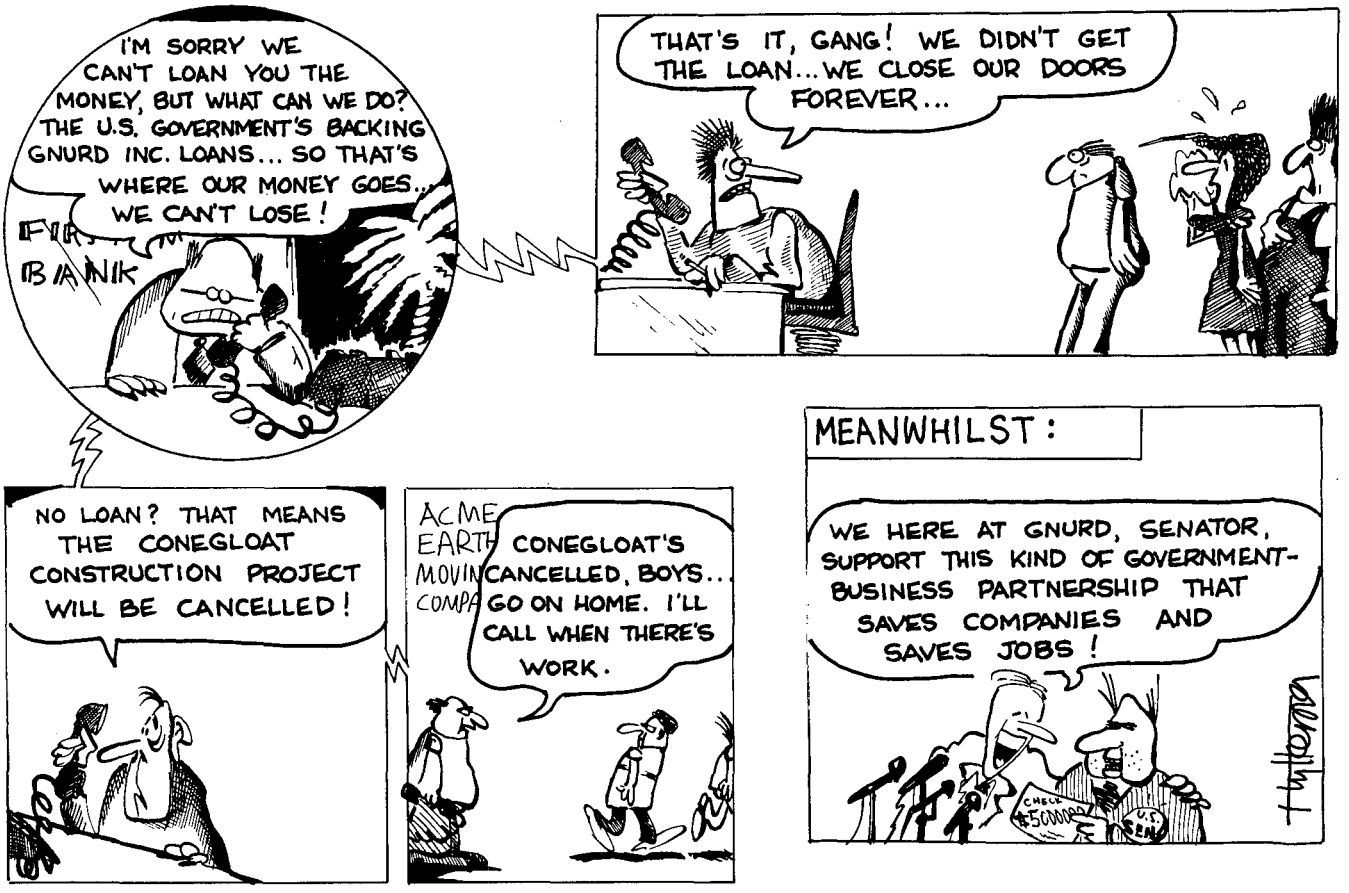
If you are the holder of some commodity other than bonds, then the existence of a rich and eager buyer makes you happy, because you are likely to get a good price if you sell. But the government buys bonds with dollars created ex nihilo at the instant of purchase, thereby diluting the value of all preexisting dollars. So the act of purchase sustains the price in the short run but in the long run undermines it, because the injection of new money disorients the unit of account (i.e., the dollar).

How would Professor Fekete account for the following data: In 1979 the Fed bought approximately $20 billion worth of bonds, thanks to which the dollar was worth noticeably less at the end of the year than at the beginning. Interest rates rose sharply, and of course bond prices dropped concomitantly. In 1982, by contrast, the Fed bought approximately half as many bonds, interest rates dropped, and the value of the dollar remained almost constant.

Certainly, to ensure real long-term monetary stability and low interest rates, we would need some constitutional guarantee that wise policy would not be aban-

rudebarbs

RANDALL K. HYLKEMA


I'M SORRY WE CAN'T LOAN YOU THE MONEY, BUT WHAT CAN WE DO? THE U.S. GOVERNMENT'S BACKING GNURD INC. LOANS... SO THAT'S WHERE OUR MONEY GOES... WE CAN'T LOSE!
FIR
BANK
THAT'S IT, GANG! WE DIDN'T GET THE LOAN...WE CLOSE OUR DOORS FOREVER...
NO LOAN? THAT MEANS THE CONEGLOAT CONSTRUCTION PROJECT WILL BE CANCELLED!
ACME EARTH MOVIN COMPA
CONEGLOAT'S CANCELLED, BOYS... GO ON HOME. I'LL CALL WHEN THERE'S WORK.
MEANWHILST:
WE HERE AT GNURD, SENATOR, SUPPORT THIS KIND OF GOVERNMENT-BUSINESS PARTNERSHIP THAT SAVES COMPANIES AND SAVES JOBS!
CHECK $500M
U.S.

Permission to reprint this cartoon in periodicals is hereby granted, provided it is accompanied by this notice: Reprinted with permission from REASON magazine. Copyright © 1983 by the Reason Foundation, Box 40105, Santa Barbara, CA 93103. $19.50/year.

doned the minute a Fed chairman or a president left office. And there is no chance whatever, at present, for such a constitutional change.

To that extent I am in some sympathy with Professor Fekete. What seemed to annoy him more than anything else was my suggestion that the market itself is now imposing monetary stability. I sensed when I first wrote, in February, that this was the case, and since then we have had seven months of exceptional monetary (gold price) stability. However, I agree that the ingredients for long-term stability are very far from being in place. Right now, there is tremendous pressure on Volcker to inflate, this being the simplest way to solve the Third World debt problem, for example.

So, yes, the Fed could start buying bonds in a hurry to achieve this. I simply ask: If this happens, does Professor Fekete really believe that interest rates will go down, in anything other than the very short run?

Schools vs. Unions

Samuel Blumenfeld, in his review of James S. Coleman's study of private schools (Aug.), claims vouchers or tax credits would destroy private schools' autonomy. He overestimates the power of the NEA (National Education Association) and its bureaucratic allies to affect the regulation of private schools.

It is true that a Nebraska pastor was jailed for not hiring state-certified teachers in his church school. Less well publicized is the deregulation of private education in such states as North Carolina. There, despite NEA and news media editorial efforts, state regulations requiring state-certified teachers in private schools, etc., were eliminated....

Moreover, it is much more difficult for teachers' unions to organize small, scattered private schools than large school systems. To the extent that vouchers or tax credits encourage any increase in private schools, NEA clout would be reduced for that reason alone....

Of course, opponents of tax credits and vouchers will try to kill such measures by attaching onerous regulations, in which case they will have succeeded, since such legislation will not pass. It is here that vigilance is required. But the problem seems manageable and should become more so as private-school enrollment increases and as more parents and legislators become aware of recent, highly publicized studies of the very low academic qualifications of the state-licensed products of the teacher training schools.

Tom Shuford
Roslyn Heights, NY

Credit Risks

Samuel Blumenfeld is certainly correct to warn proponents of educational vouchers or tax credits of the dangers of government control over private schools that might follow should they be successful. But the mere fact that there is a substantial risk to be faced here pales when compared to the certain costs society bears daily under the current system, where over 90 percent of school children are effectively forced to attend government schools....

Further, as the recent Minnesota case reaffirms, the US Supreme Court is unlikely to hold constitutional any financing plan that provides significant additional state "entanglement."

For those of us who favor, on principle, the absolute separation of education and the state, there are additional and more fundamental objections to a voucher plan. These objections do not apply to a properly drafted education tax credit. *Not* taxing someone should not be considered an expenditure of government tax money any more than *not* drafting someone (for any reason) should be considered state support of that person.

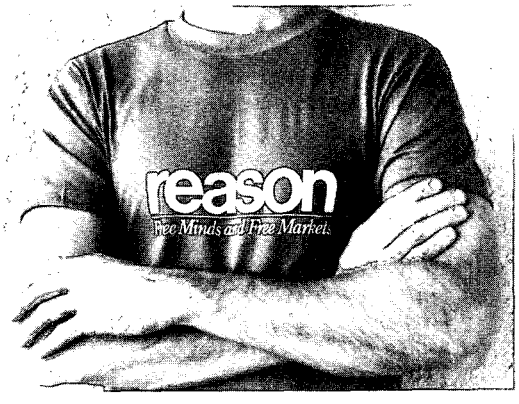
But because tax credits do involve risk, they should be advocated only in extreme and special cases, where the evil to be overcome is greater than the risk of increased regulation. Statist education in the 1980s is such a case.

In the D.C. initiative we ran in 1981, we tried to minimize the potential for increased regulation. Section 4, for example, reads: "No educational institution shall, on account of enrolling an eligible pupil for whom a tax credit is claimed under this title, be considered a recipient of government financial assistance for the purpose of imposing any legal rule, guideline, order, requirement, or regulation upon such institution or for any other purpose."

Jule R. Herbert, Jr.
National Taxpayers Legal Fund
Washington, DC

reason wears well

New REASON T-shirts are now available with our logo "Free Minds and Free Markets." A beautiful royal blue with white lettering. (T-shirts are a cotton/polyester blend.) Send for yours today—and while you're at it, get one as a gift for your favorite fellow REASON reader. At $7.00 each, they make great gifts.



Size		Qty	Amt
Adult	S	____	$____
	M	____	____
	L	____	____
	XL	____	____
Child	S	____	____
	M	____	____
	L	____	____

Total Amt Enclosed $_____
(CA residents add 6% sales tax)
Payment must accompany order.
Allow 4-6 weeks for delivery.

NAME (PLEASE PRINT)

ADDRESS

CITY STATE ZIP

REASON ENTERPRISES, Box 40105, Santa Barbara, CA 93103

CLASSIFIED

ANNOUNCEMENTS

INVENTIONS, IDEAS, NEW PRODUCTS wanted! Industry presentation/national exposition. Call free 1-800/528-6050; Arizona, 1-800/352-0458, x831.

$1,000 PER MONTH PART TIME as an underground car dealer. Free information. Cannon, 4418 E. Chapman, Suite 144, Orange, CA 92669.

FREE PROMOTIONAL ALBUMS, concert tickets, stereos, etc. Information: Barry Publications, 477 82nd St., Brooklyn, NY 11209.

AYN RAND. Los Angeles residents interested in weekly discussion group dealing with Ayn Rand's philosophy, call Gordon, 213/820-4108.

BOOKS

SCHOLARLY BOOKLET conclusively proves Flavius Josephus created Jesus, Gospels. $3.00—Vector, Box 6215-X, Bellevue, WA 98008.

UNUSUAL BOOKS. Survival, fake ID, locksmithing, hiding contraband, dodging Big Brother, living free, black market, more! Over 500 titles on the practice of anarchy in huge illustrated catalog. $2.00. Loompanics, Box 1197, Pt. Townsend, WA 98368.

AUTHORS—Advertise your manuscript's availability to 2,000 publishers/agents in *Writer's Showcase.* Details, $2! Professional ghostwriting also available. Literary Service Bureau, Box 60185, Washington, DC 20039.

EL SALVADOR—*Fragment of the Future*, by Henry Berry (M.A., philosophy; author, *Pathways to Restoration: The Revitalization of the American Spirit*): A lucid, comprehensive analysis of the quagmire in El Salvador; its bearing on the future of the U.S. $5.00 ppd. Greenfield Press, Box 176, Dept. A, Southport, CT 06490.

SURVIVE NUCLEAR WAR IN AUSTRALIA. Booklet includes: gun laws, survival hunting, gold prospecting, entry visas, and much more. 51 pgs., US $5, ppd. Weston, Box 300, Charters Towers, Qld. 4820, Australia.

RECOMBINANT DNA, ART, OR ZOOLOGY? Recombo Deco in your home soon? Only *NU YU* dares ask! SF satire by Daniel Silk, illustrated by Julian Kernes. "A real winner," says Future Life. $2.00 from Data Day Communications, Box 251, Philadelphia, PA 19105.

REASON BACK ISSUES—complete from 2/74 to present. Includes rare 11/73 Ayn Rand special edition. Make offer to Ron Paris, 415/951-5189 days, 408/269-3032 evenings.

BUSINESS OPPORTUNITIES

EAT AND GROW RICH. New blue-chip multilevel company breaking sales, growth, profit records. Wholesale convenient quality food, beverages. 700 warehouses nationwide. Tremendous income potential, geometric growth—everybody eats food. Send $2.00 for tape, brochures, application to: AdVenture, Box 2982, Vancouver, WA 98668.

EDUCATION

ANNOUNCING THE OPENING of American Renaissance School, a pro-reason high school. 52 N. Broadway, White Plains, NY 10603; 914/997-1227, 212/685-0849.

FUNDAMENTALS OF DEFENSIVE PISTOLCRAFT. N.P.I. is now accepting applications for the instruction of qualified students in the basic practical skills of modern defensive pistolcraft. For information and application, send $1.00 to: The Northeast Pistol Institute, Dept. RE, P.O. Box 453, Union, NJ 07083.

EMPLOYMENT

DISCOVER THE HIDDEN JOB MARKET. Discover the secrets of Australia, where the money's at. For details send $2.00 to: RDM Enterprise, 6823 Ravenna Ave. NE, Seattle, WA 98115.

RESEARCH DIRECTOR. Experienced person to direct public policy research, books, seminars. Economics or similar degree; good writer, editor. Resume to Robert Poole, Reason Foundation, 1018 Garden St., Santa Barbara, CA 93101.

FINANCIAL

ATTORNEY/CPA, San Francisco: business law, taxation, estate planning, financial consultant. Lloyd Taylor, 415/788-1140.

30% ANNUAL PROFITS. No risk involved. Funds secured by hard assets. Free information PACO-(PIP), P.O. Box 692, Harbor City, CA 90710.

HARD MONEY NEWSLETTER. Subscribe to *Financial Freedom.* $9/year. Liberty Investments, P.O. Box 0491, Charleston, SC 29404.

ORGANIZATIONS

LOVE SF? NEW IDEAS? Join Libertarian Futurist Society. Sample newsletter. Legalize Freedom bumperstickers. Question Authority buttons. 3/$2; 10/$5; 30/$12. Box 14181-A, Austin, TX 78761.

PERSONAL

INMATE SEEKS TRUE FRIENDSHIP. Age, race, creed is unimportant. Gus G. Owens, P.O. Box 45699-I38775, Lucasville, OH 45699-0001.

PRODUCTS

BEST PRICES ON TRS 80 computers and Radio Shack products. Charles Blackwell, 30 N. Congress, York, SC 29745; 803/684-9980.

$40,000 ON 1/3 ACRE! New Hydroponics inexpensive, pleasant, practical. Free information. Barnhill's, Box 1657, Brenham, TX 77833.

DIETING OBSOLETE! Life extension nutrients. Lowest prices! Beyond A Century, Box 713, Greenville, ME 04441.

MY GRANDMA'S miracle sour milk pound cake recipe. Stays fresh for days. Super standby. Send $1.00, E. Carson, Box 810702, Dallas, TX 75381.

UNUSUAL HI-TECH WEAPONS for personal defense. Still legal without license. S.A.S.E. brings free catalog. Weapons 'R' Us, 8726 S. Sepulveda, Ste. B253, Westchester, CA 90045.

PROGRESSIVE THINKERS need progressive products. Discover our unique catalogue—herbal tablets for rejuvenation, ion generators for polluted air, hanging boots for health, hammocks, moccasins, books for the New Age, much more. $1, Lotus Shoppe, Box 11R, Pullman, WV 26421.

PUBLICATIONS

136+ BIBLICAL CONTRADICTIONS, *49+ Biblical Absurdities*, more! $3.00, Crusade Publications, Box 200, Redmond, WA 98052.

INTELLIGENT SINGLES meet/publish in *Contact* magazine. Free advertising! Free brochures! (Current issue, $3.) Box 500-R2, Mendocino, CA 95460.

BE THE FIRST on your block to subscribe to *The Free Philosopher Quarterly*! It's bigger and better than ever. Subscriptions: $16/year. Sample issue: $2. Guide: $1. Sample issue + Guide: $2.50. Send check or money order to: The Free Philosopher Quarterly, P.O. Box 103, W. Carrollton, OH 45449.

ARISTOS—THE JOURNAL OF ESTHETICS. Champions Romanticism in literature, and beauty, nobility, and craft in all the arts. Recent highlight: exclusive two-part interview with novelist Kay Nolte Smith (*The Watcher, Catching Fire, Mindspell*). Sample issue plus descriptive information: $1.00. Special one-year subscription offer: $16.00 for six issues (six pages each, beautifully typeset on quality textured paper and illustrated with photographs). Aristos, P.O. Box 1105-A, Radio City Station, New York, NY 10101.

REAL ESTATE

70 ACRES $19,000. Between Canton, Potsdam NY (4 colleges). $3,000 down. Schisler, 3200 S. Ocean, Palm Beach, FL 33480; 305/582-4550.

SERVICES

ATTORNEY/ACCOUNTANT/TAX SPECIALIST is considering new concept in individual tax advice/service. You pay once, receive year-round assistance. Number of clients strictly limited. For information, contact Box TC, REASON.

NEED PRIVACY FOR YOUR MAIL? Use our address as yours. Keep your true identity and location secret. Details: M.K. & Associates, Box 8-R, Buffalo, NY 14212.

RATES: 50 cents per word, $7.50 minimum. Telephone numbers count as one word; box numbers count as two words. Add $1.50 per insertion for REASON box number. *Payment must accompany all orders.* Copy must be received by the first day of the month two months prior to issue date (e.g., advertising for the March issue, which is mailed in February, should reach us by January 1). Check or money order should be made payable to REASON and sent to REASON Classified, Box 40105, Santa Barbara, CA 93103.

THE CLASSIFIED AD DEADLINE FOR THE JANUARY ISSUE IS NOVEMBER 1.

BOOKS FOR FREEDOM SEEKERS

THE LAST FRONTIERS ON EARTH
Strange Places Where You Can Live Free
By Jon Fisher

Looking for freedom? No taxes or government? There are more "frontiers" on Earth than you might think. Ever consider living in an underwater habitat? Or in the interior of Antarctica? How about living on a deserted island, or in an airship? How about living as a nomad, or in a ghost town, or on a floating platform on the ocean? Nearly 2 dozen fascinating ideas are explored in detail as to cost, living conditions, energy requirements, availability of resources, and other important considerations. Thought provoking reading for libertarians! 5½ x 8½, 125 pp, illustrated, soft cover. **$6.95.**

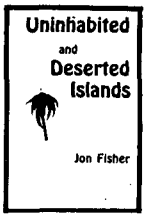
JOB OPPORTUNITIES IN THE BLACK MARKET
By Burgess Laughlin

The "black" market is the *real* market driven underground by government regulation. This classic book (now in its 3rd printing) is the best book available on the illegal, but victimless, economy. Covers pay, organizations, risks, advancement, culture, society prices and benefits, as well as retailers, wholesalers, middlemen, entrepeneurs, and their assistants. Everything from drugs, sex and people-smuggling to gambling and milk bootlegging. If it's *black market*, it's in this book! 5½ x 8½, 144 pp, illustrated, soft cover. **$7.95.**

BLACK MARKETS AROUND THE WORLD
By Burgess Laughlin

More on the black market! Black marketeers are courageous fighters in the battle for freedom of economic acts between consenting adults. Illegal markets all over the world mean high-risk, high-pay situations for libertarian entrepeneurs! This exciting new book surveys black markets in more than 2 dozen countries, including Ireland, North Korea, Netherlands, Sweeden, West Germany, Poland, Turkey, Iran, Israel, Egypt, Zaire, Singapore, Burma, Thailand, the Soviet Union, Taiwan, and more! 5½ x 8½, 84 pp, illustrated, soft cover. **$2.95.**

UNINHABITED AND DESERTED ISLANDS
By Jon Fisher

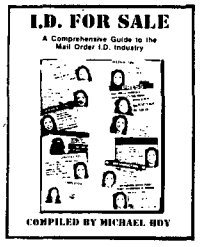


Looking for a place to start a libertarian community? Or just want to get away from it all? This fascinating new book describes more than 100 remote uninhabited islands from the South Pacific to the Antarctic, from the Atlantic to the Indian Ocean, with maps detailing the exact location of each island! 5½ x 8½, 120 pp, illustrated, soft cover. **$7.95.**

THE CODE BOOK
2nd Edition
All About Unbreakable Codes and How to Use Them
By Michael E. Marotta

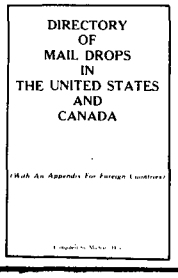
Protect your communications with codes that can't be broken! No prior knowledge of mathematics is needed! One-time pads, Modulo based codes, Rivest functions, public key systems, one-way codes, much more! Secrets known only to professional cryptographers and international espionage agents, revealed for YOU to use! 5½ x 8½, 86 pp, illustrated, soft cover. **$7.95.**

I.D. FOR SALE
A Comprehensive Guide to the Mail Order I.D. Industry
Compiled by Michael Hoy



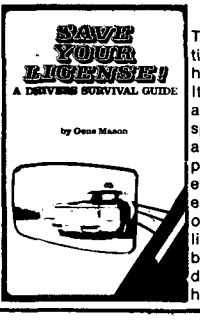
This amazing new book is a complete survey of companies who sell I.D. cards through the mail — complete names and addresses of all companies are given. Types of I.D. covered include: State ID cards, birth certificates, baptismal certificates, marriage licenses, drivers permits, degrees and diplomas, student ID cards, club membership cards, employee ID cards, and much more. 8½ x 11, 90 pp, hundreds of illustrations, soft cover. **$9.95.**

DIRECTORY OF MAIL DROPS IN THE UNITED STATES & CANADA
With an Appendix for Foreign Countries
Compiled by Michael Hoy



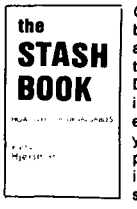
Avoid government snooping by using mail drops to secure your privacy! You may want someone to think you are in Belgium, Brazil, Las Vegas or Chicago. Or you may just want to pick up your mail across town to keep it private. Over 700 mail drops are listed, including over 100 in foreign countries. 8½ x 11, 44 pp, soft cover. **$7.95.**

SAVE YOUR LICENSE!
A Driver's Survival Guide
By Gene Mason



This book will help you avoid tickets, fines, "points," and higher insurance premiums. It explains in detail how to avoid the appearance of speed, how to counter radar, and how to instantly spot any police vehicle. A must for every driver who has lost enjoyment in driving because of the absurd 55 mph speed limit. Order your copy now, before Smokey hammers you down again. 5½ x 8½, 144 pp, hard cover. **$10.95.**

THE STASH BOOK
How to Hide Your Valuables
By Peter Hjersman

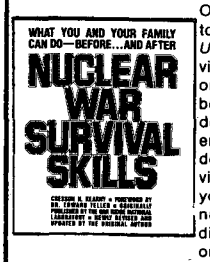


Got something to hide? An excellent book on the concealment of valuables and contraband! How to hide anything, or anyone, almost anywhere! Detailed instructions for building hiding places and hiding spaces in houses, cars, motorcycles, and even on your body! Be safe from burglars, police, snoopy neighbors and other intruders! 5½ x 8½, 126 pp, illustrated, soft cover. **$4.95.**

TOTAL RESISTANCE
By Major H. von Dach Bern

A book which should be in the library of every American. A detailed manual for resisting the occupation of a foreign army, written by a Swiss Army officer. A testament to the undying spirit of human freedom and resistance to tyranny. The best fact-crammed guerrilla warfare manual ever written! 6 x 9, 173 pp, profusely illustrated, hard cover. **$14.95.**

NUCLEAR WAR SURVIVAL SKILLS
By Cresson H. Kearny



Originally published by the Oak Ridge National Laboratory, and *suppressed by the U.S. Government*, now revised and updated by the original author. This is *not* a book on "national defense." It does not advocate any government programs. What it does is tell *you*, as an individual, what to do to increase your chances of surviving a nuclear attack, without spending a lot of time and money on preparations. 8½ x 11, illustrated, soft cover. **$9.95.**

THE MUCKRAKER'S MANUAL
How to Do Your Own Investigative Reporting
By M. Harry

Written by a veteran investigative reporter, this amazing book takes the mystery and TV baloney out of "journalism," and tells *you* how to dig out the dirt on anyone. Written specifically for those wishing to expose political corruption, the professional investigative techniques revealed in this book are useful for *any* type of investigation, including blackmail, political sabotage, corporate espionage, and more! 5½ x 8½, 144 pp, illustrated, soft cover. **$7.95.**

The Best Book Catalog In The World
Free with the order of any book.

We offer the very finest in controversial and unusual books. The Loompanics Unlimited Book Catalog *is an important source for anarchists, survivalists, iconoclasts, self-liberators, mercenaries, investigators, self-actualizers, libertarians, dropouts, debunkers, black marketeers, researchers, and just plain anyone interested in the strange, the useful, the oddball, the unusual, the unique, and the diabolical. . .*

Large 8½ x 11 size! Nearly 200 illustrated pages! More than 500 of the most controversial and unusual books ever printed! Our catalog is *FREE* with the order of any book in this ad — $2.00 if ordered separately. Send for it today. You will be very pleased, we know.

REA83

LOOMPANICS UNLIMITED
P.O. Box 1197, Port Townsend, WA 98368

Please send me the following titles:

_____ _____

_____ _____

_____ _____

*Name*_____ SUB-TOTAL_____

*Address*_____ Include $2.00 Shipping and Handling_____ **$2.00**

*City*_____

State _____ *Zip* _____ **TOTAL**_____

Further & More

SLOT MARKET?

In our September issue, Paul Feldman proposed that the federal government sell off its two Washington, D.C.-area airports, National and Dulles International ("Free the D.C. 2"), because airports are best operated subject to the same market forces as any other valuable resource. Now comes word that a Transportation Department task force is reexamining the issue of passenger capacity and landing-slot allocation at National, including a proposal that the highly demanded slots be open to buying and selling among airlines. According to a report in *Aviation Week*, airlines are most concerned, with this proposal, about incumbents' rights and whether such a plan at National would set a precedent for other airports.

Washington National Airport

Meanwhile, the question of slot allocation is also arising at LaGuardia Airport in New York. The New York Port Authority has suggested that some high-demand slots be allocated at semiannual auctions. Port Authority official Robert Aaronson told *Aviation Week* that the plan would "provide a financial incentive for carriers to operate at off-peak hours" when the prices for slot use would be lower.

At this writing, no firm decision has been made regarding either airport. But the idea of market pricing for landing slots is a step toward realizing that airports can operate in the market.

KIBOSH ON CONTRACTING

Private companies provide fire protection and security services at more than 30 US defense installations. But in late July Congress extended until 1985 a one-year-old moratorium on new contracts.

According to the *Washington Post*, the sponsor of the anticontracting moratorium in the House, Rep. Earl Hutto (D-Fla.), objected that fire fighting and security are too important to turn over to private firms. But the real issue seems to be federal employees' jobs. Federal workers' unions strongly supported the measure. (And earlier in the year the union successfully lobbied the Office of Management and Budget to withdraw for further work proposed revisions to Circular A-76 making it easier for federal agencies to contract out.)

The moratorium was greeted with dismay by the US Chamber of Commerce. "What [members of Congress] have done is substitute their judgment for the judgment of our military leaders in regard to base security," said a Chamber spokesman. "They have ignored the expressed wishes of the Department of Defense and ignored the opportunity to save major amounts of money for the taxpayers at a time when budget deficits and defense spending are a major concern."

Meanwhile, in August OMB issued final revisions to Circular A-76. In spite of earlier union opposition, the revised document on federal contracting makes it easier for agencies to turn over jobs to the private sector.

RENT CONTROL'S CONTINUING SAGA

"Relaxing [rent] controls would not result in the expansion of the supply of affordable rental housing. This kind of investment will never come from the private sector." So intoned William P. Rowen, head of the New York State Tenant and Neighborhood Coalition, in a letter to the *New York Times*.

Ironically, in the previous day's *Wall Street Journal* there had appeared an article entitled "A Glut of Rental Units Grips Parts of Sun Belt, May Spread Elsewhere," with the subhead, "New York Scarcity Remains." *Journal* correspondent Mark Zieman reported "vacancy rates ranging from 10% to 30% and more pounding the region in a crescent from Phoenix to Atlanta, sprouting widespread rent cuts and other giveaways."

It seems that the private sector, responding to new tax breaks and a surplus of money at lending institutions, has created a glut that in the classic fashion of economic theory is forcing prices down. And voilà!—"affordable rental housing." Of course, builders and investors don't like such a glut one bit. But they note, reported Zieman, that "rent control has saved some areas from overbuilding by decreasing construction."

A more unwitting statement of the consumers' case against rent control could hardly be imagined. "*Saved*"... from "*overbuilding.*" Tenacious rent-control advocates ought to consider that one real carefully.

COMING ATTRACTIONS

Peace Propaganda: The Soviets continue to urge an international ban on weapons in space, and US defense policy has been obliging. Now, noted space writer James E. Oberg details the grim reality behind the Soviets' peace rhetoric.

Taxing Trick: Federal legislation now pending would raise tax rates on certain investments. The rationale? Some investments—in gold and silver coins, for example—are "unproductive" and should be discouraged. But does the productive-unproductive distinction make any sense?

Special Book Issue: Reviews of some of the important books of 1983—books by *Asimov, Toffler,* and *Will*; *Reich, Johnson,* and *Cockburn*; and more. Plus an essay by popular economics writer Henry Hazlitt and an assessment of *1984.*

How to launch your own business for under $1,000 and make $25,000-$50,000 a year!

Management consultant David D. Seltz is an international authority on small businesses and franchising. He has served as Chairman for the International Franchising Congress in Zurich for two consecutive years and his business-guidance seminars have been sponsored by universities and government agencies, including the Small Business Administration.

In addition, Mr. Seltz has authored 16 books and more than 2,000 articles on these subjects which have appeared in such publications as *Nation's Business, Business Week, Wall Street Journal,* and *The New York Times.*

He has spent 14 months researching 18,292 small business opportunities to compile the first complete directory of *the most profitable small businesses* you can start in your spare time for under $1,000 (many for under $500).

He has published his findings in a book called, *"A Treasury of Business Opportunities for the Eighties,"* published for anyone who's dreamt of owning a business.

In its fascinating pages, you'll learn . . .

• How Michael S. makes $50,000 a year in a small community by providing a little-known, simple service needed by the graduating class of every high school and college. His student customers are easy sales and his work consists mainly of placing phone calls.

• How John H. runs a weekend business that uses other people's vacant land to rake in as much as $10,000 profit per weekend. No equipment, no investment, no employees needed!

• How James P. charges $2,000 for a simple service most businesses need, but few people are aware of. He has so much business, he doesn't even advertise!

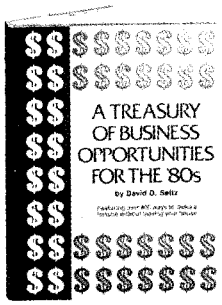
• How Ronald P. earns $100 per week on a $200 investment supplying a service needed by most storefront merchants.

You'll learn about a unique new product that's selling like wildfire to religious people and gives you a 500% markup. You'll discover an easy-to-start business that nets about $25,000 profit in the summer months alone. You'll be given the amazing inside story of a business that requires so little of anything, you could run it out of a phone booth. Yet it's quietly making better than $50,000 a year for scores of men and women.

And this is just the beginning! You'll learn how to rake in enormous finder's fees for putting two types of common business clients in touch with each other. You'll discover why certain national manufacturers will pay you upwards of $40,000 a year for making local contacts for them. You'll see how to start a business in which moonlighters work their tails off to earn you $50,000 a year.

You'll learn where to haul away crates of what some businesses consider "junk"—but which other businesses need desperately and will pay you as much as $60,000 a year for. You'll discover a product that costs pennies to make, sells for $5, and is wanted by thousands in just about every community. And you'll be shown how to start an exclusive kind of club which can bring you more than $50,000 a year from people who'll feel *privileged* to pay you a hefty membership fee for the right to belong!

You'll see how to sell *a few sheets of paper* for as much as $2,000 to businesses all over your home town. . . . You'll read about the "dead flower" strategy that requires only one visit per customer per month yet gives back up to $25,000 per year in return. . . . You'll discover how to get people all over your community to gladly lend you their cars and then just as gladly pay you up to $50,000 a year to perform one simple, nonmechanical act with those cars.



This 283-page, 8½" x 11" hardcover book uncovers dozens of little "goldmine" businesses. It gives you everything you need to get started in your own profitable business, in your spare time, with minimum capital.

You'll read the remarkable story behind one little-known business that is not only depression-proof, but actually does fantastically well when the economy grows worse. Not only are the profits potentially enormous in this business, but there is this unexpected advantage: Simply issuing your own business card as a dealer enables you at once to buy men's suits for $22, metal tennis rackets for $8, electric typewriters for $85, and dozens of other items far below wholesale.

If you or your spouse like to "putter" around the kitchen, just turn to page 68 of this book and see how you can make that puttering yield you a spare-time income of $25,000 a year.

And if that's not enough to get you started in your own little "goldmine" business, wait till you discover . . .

• The instant travel business that gives you up to 50% discounts when you wish to go on a trip.

• The simple idea that lets you run your own sweepstakes—with *someone else* putting up the prizes!

• The method for earning thousands of dollars on other people's inventions.

• 23 different ways your car or truck can help produce profits.

• The way to turn each of your handy-man friends into a spare-time income of $25,000 a year.

• The technique for having your products displayed and sold in the finest homes in your area —with sales as high as $500 per home. This one strategy alone may be worth 100 times the cost of the book—and it's all yours on page 217.

30-DAY NO-RISK GUARANTEE

The *"Treasury"* is so crammed full of ingenious, *proven* money-making ideas, that we feel certain you will find in it the key to make your dreams of financial independence come true. Send today for your 30-day trial copy of *"A Treasury of Business Opportunities,"* by David D. Seltz. If, for any reason, you should be dissatisfied with the book, just return it and every penny of your money will be refunded immediately.

CALL TOLL FREE — 24 HOURS

800/621-5199 (Ill. Res. 800/972-5855)
Credit Card Orders Only
For Same Day Shipment Call 516/536-8400
(Sorry, we cannot accept collect calls.)

©1983, Farnsworth Publishing Company, Inc., Rockville Centre, NY 11570

MAIL NO-RISK COUPON TODAY! R11/83

FARNSWORTH PUBLISHING CO., INC.
78 Randall Avenue, P.O. Box 710
Rockville Centre, New York 11570

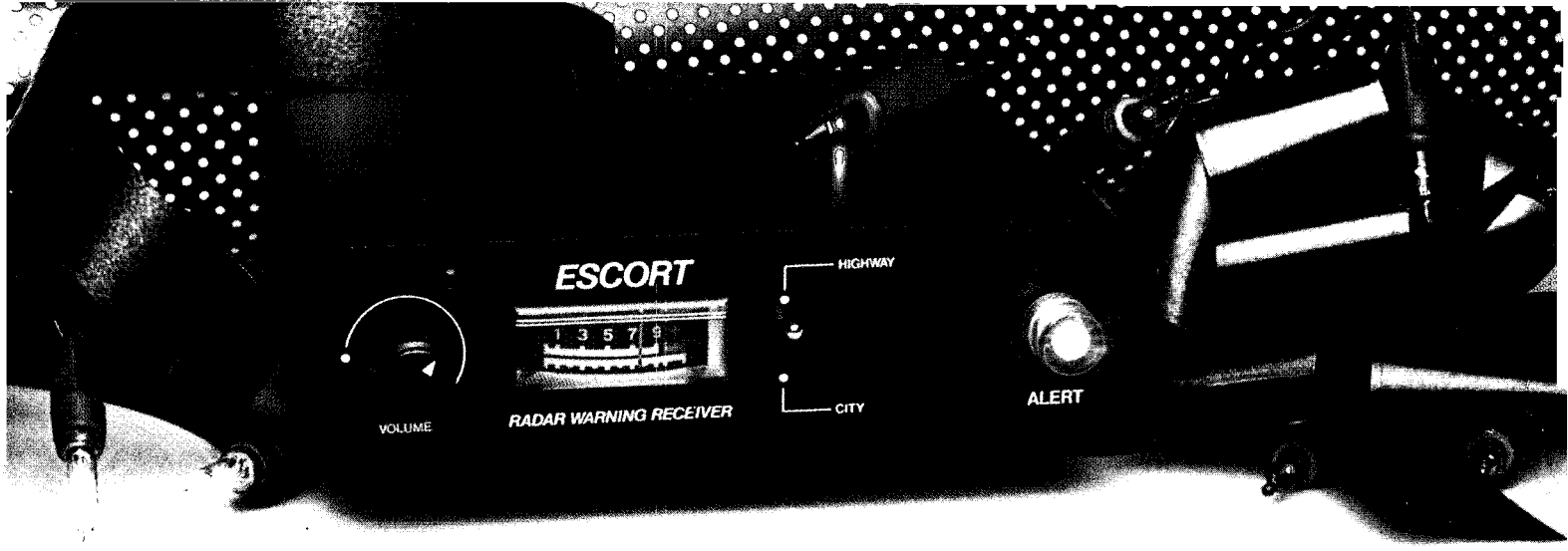
☐ Please rush my copy of **"A Treasury of Business Opportunities,"** by David D. Seltz, featuring the 154 most profitable businesses I can start in my spare time for under $1,000, at $21.95 ($19.95 + $2.00 postage & handling). My money back in full if I'm not 100% delighted.

☐ Also send **"How To Get Started in Your Own Franchised Business,"** by David D. Seltz, at $21.95 ($19.95 + $2.00 postage & handling). Same money-back guarantee.

☐ *Special Combination Discount.* Send both books at the special combined price of only $36.95 postpaid. Save nearly $7.00

Enclosed is my ☐ check or ☐ money order (payable in U.S. Funds).
Or charge: ☐ VISA ☐ MasterCard ☐ AMEX #_____
Exp. Date _____ Signature: _____

Name _____
Address _____
City/State/Zip _____
N.Y.S. residents please add applicable sales tax.



Overwhelm Your Favorite Driver

A good gift is more than a surprise; the perfect gift hits the mark. If there's a driver on your list, you can give ESCORT with absolute confidence. Here's why.

First Class Performance

When radar is out there, ESCORT's superheterodyne circuitry will find it. Over hills, around curves, hidden in the bushes, anywhere. But don't take our word for it. In its most recent comparison test, *Car and Driver* rated ESCORT number one, calling it "**...clearly the leader in value, customer service and performance...**"

Coveted Equipment

For several years after its introduction, demand was so great that customers waited up to six months for delivery. We finally had to build a new factory to keep ahead of the demand.

Users quickly came to depend on ESCORT's unique radar report—the way its variable-pulse audio warning, analog meter and amber alert lamp work together to give a precise indication of radar type and range.

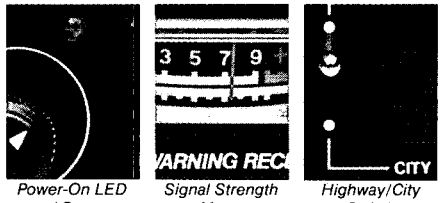
ST/O/P

And last spring we added our STatistical Operations Processor (ST/O/P™), a new electronic circuit—the first in the industry—which rejects false alarms caused by less elegantly designed detectors. With ST/O/P, ESCORT is more desirable than ever.

Attention To Detail

Owners also take great pleasure in ESCORT's look and feel. Its extruded aluminum housing has the right heft. The visor clip is a rugged combination of Lexan and spring steel. The volume control is as silky as that of an exotic stereo. We even add a small photoelectric sensor (you can see it next to the red power-on indicator). It senses the ambient lighting in the car and adjusts the brightness of the alert light to suit. These are just a few of the many details that make ESCORT unique.

But all this sophistication doesn't mean that ESCORT is hard to use. Just install ESCORT on dash or visor, and plug it into the lighter. We even include an adapter for European lighter sockets. And ESCORT's low-profile shape, finished in non-glare black, looks right at home in any car.



Power-On LED and Sensor | *Signal Strength Meter* | *Highway/City Switch*

Apart From The Crowd

We've always felt that users of precision electronics are entitled to deal with experts. That's why we only sell ESCORT direct from our factory. There are no middlemen. When it comes to customer satisfaction, we take full responsibility.

Our system of direct sales offers special benefits to the gift giver. You needn't worry about inadvertently buying a discontinued model still in a store's stock. Your gift will never be seen marked down in the discount chains. Moreover, giving an ESCORT shows you were concerned enough about quality to track down the only source. And there's another advantage.

Easy Access

ESCORT lets you do your Christmas shopping by phone and avoid the retail hassle. We're only a toll-free call and a parcel delivery away. And ESCORT is guaranteed to please. Holidays or any time, take the first thirty days as a trial. If you're not absolutely satisfied, return it and we'll promptly refund your purchase and mailing costs. We also back ESCORT with a full one year limited warranty. *Car and Driver* called us the "class act" in radar detection. So order now, ESCORT is the perfect driver's gift.

Do It Today

It's easy to order an ESCORT, by mail *or* by phone.

By Phone: Call us toll free. A member of our sales staff will be glad to answer any questions and take your order. (Please have your Visa or MasterCard at hand when you call).

CALL TOLL FREE...800-543-1608
IN OHIO CALL.....800-582-2696

By Mail: We'll need to know your name and street address, daytime phone number, and how many ESCORTs you want. Please enclose a check, money order, or the card number and expiration date from your Visa or MasterCard.

VISA MasterCard

ESCORT (Includes Everything)..**$245.00**
Ohio residents add $13.48 sales tax.

Speedy Delivery

If you order with a bank check, money order, credit card, or wire transfer, your order is processed for shipment immediately. Personal or company checks require an additional 18 days.

ESCORT®
RADAR WARNING RECEIVER

Cincinnati Microwave
Department 013
One Microwave Plaza
Cincinnati, Ohio 45242-9502

Tune in: "Talkback with Jerry Galvin." America's new weekly satellite call-in comedy talk show. Sunday evenings on public radio stations. Check local listings.